

## **The MPs' Expenses Scheme**

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# **Independent Parliamentary Standards Authority**

## **The MPs' Expenses Scheme**

The MPs' Expenses Scheme presented to the House of Commons in pursuance to section 5 (5) of the Parliamentary Standards Act 2009.

Including a statement of the reasons for adopting the scheme, and a report on the consultation into MPs' Expenses conducted in January – February 2010.

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## Foreword

We have been required by the Parliamentary Standards Act 2009, as a body entirely independent of Parliament, Government or political parties, to provide a scheme for the reimbursement of expenses incurred by MPs in doing their work. We have no axe to grind. We have set about our task against a background of great public anger at the present discredited system that has been exposed over the last year. We have consulted widely, not only those whom we are required by the Act to consult, but also the public at large. We are indebted to all those who have responded and answered the questions we posed in our consultation paper. The strength of the arguments put – and the evidence adduced – are our overriding considerations in addressing each question. The scheme has had to be prepared within a very short timescale in order to be operational for the new Parliament following the general election.

We have endeavoured to produce a scheme that is fair, workable and transparent.

By fair we mean not only fair to the public purse but also to individual MPs. It is not our job to punish the next generation of MPs for the excesses of what has gone before. Our responsibility is to reimburse MPs for the costs they necessarily incur in properly doing the job of a legislator in the 21st Century. But fairness has another feature. People who abuse the system must know that we will bear down heavily on them. The public would expect no less. Expenses do not exist to allow some to profit at the cost of others.

By workable we mean that the scheme should be as simple and practicable as possible and avoid unnecessary administrative cost and complexity. Whilst it is not part of our remit to provide a scheme that ensures Parliament reflects the society it serves, we have kept firmly in mind the need to ensure that our scheme does not have the opposite effect.

By transparent we mean that the public is entitled to know not only what those remunerated from the public purse are paid, but the details of their reimbursements for the expenses they incur in doing their job. It is for this reason that perhaps the most important criterion of all is that the scheme should be transparent. Transparency is critical if public confidence in Parliament is to be restored. This is one reason why we have moved where possible to an expenses rather than an allowances based system, a move that has the overwhelming support

of the respondents to our consultation paper. The power of transparency is that it allows people to find out for themselves what is being done in their name and with their money.

It has been suggested that the previous opaque system of allowances grew up in part because the issue of the appropriate salary for a Member of Parliament was not properly tackled as it was politically inexpedient to do so, and that the allowance arrangements contained, at least in some cases, a significant element of profit. Whether or not that is so, those days have now gone. Currently MPs' pay is not part of our remit, although it is likely to become so in the future if the Constitutional Reform and Governance Bill becomes law.

It is our aim that MPs should be reimbursed fairly and that they should neither make a profit nor suffer a loss in carrying out their responsibilities.

Inevitably there are grey areas where the impact of the scheme will not be the same for all MPs. There is no stereotype MP. MPs represent different constituencies and adopt different working patterns. We do not pretend that some anomalies will not emerge but we have a statutory duty under the Act to revise the scheme annually and that we shall do, making such changes as appear to us to be appropriate.

All members of IPSA's Board have brought their experience to bear in devising this scheme. The end result has the support of us all.

Finally, we would like to thank the many respondents to our consultation and, above all, the IPSA staff who have worked tirelessly to ensure that we have a scheme in place in time for the new Parliament.

## **INTRODUCTION**

1. In Part I, we set out in narrative form a summary of our scheme for MPs' expenses. We describe the principal features of the scheme and refer to the relevant parts of the report on the Consultation which informed our thinking.
2. The Scheme itself appears in Part II.
3. In the Annex we report on the Consultation that we carried out between January 7th and February 11th.

## Part I

### SUMMARY OF THE SCHEME

#### Ground rules

1. We began our approach to the scheme by agreeing that it must be informed by certain principles. We were pleased to adopt those set out in the report of the Committee on Standards in Public Life [CSPL's report, page 33] supplemented by additional standards of our own. This approach was widely endorsed. (*Annex, paragraphs 2-9*).
2. We made it clear that we would be making a clean break from the past in several ways. The scheme is one of expenses, not allowances, together with capped budgets, an approach which met with approval (*Annex, paragraphs 18-24*). Expenses will be reimbursed on presentation of a receipt or other evidence of expenditure: no receipt, no money. As a consequence, the scheme rejects the old system of a series of allowances as the basis for building the new; rather, it is built on an identification of the areas in which MPs can properly expect support from the public purse.
3. Responsibility for making any claim for expenses in our view rests with the MP, who must supply evidence to substantiate it. Claims will be published on IPSA's website, as will IPSA's decision on each claim. We recognise the need to take proper account, in terms of what is published, of the boundaries between the public and the private. We are required by law to consult on this matter and will do so. We are also conscious of the need to ensure that the scheme does not become administratively cumbersome or expensive.
4. We are anxious that transparency and openness be recognised by all as fundamental principles of our scheme and perhaps the greatest safeguard against any abuse. For this reason, we will publish on our website all claims that are made, including those that are rejected, a view which was generally endorsed (*Annex, paragraphs 35-46*). Regular and detailed publication will entrench that shift in culture which the public both want and expect. The Press, commentators, political opponents and particularly MPs' constituents, will be able to assess for themselves that the public's money is being used to meet only legitimate expenses. This approach was widely supported (*Annex, paragraph 35*).

5. We remain of the view that MPs should find some straightforward means of telling their constituents in their own words about the use of expenses (beyond the factual information that will be published on our website). Constituents are entitled to know and should not have to depend on the media. We are not pursuing, however, our initial suggestion that MPs should publish an annual report setting out their use of public funds, given the persuasive counter-arguments advanced against it (*Annex, paragraphs 47- 59*).
6. MPs will not be able to advance or carry forward money, nor engage in virement of money from one budget to another. This is the language and the thinking of allowances. Our scheme is one of expenses reimbursed against receipts.
7. IPSA itself is, of course, also accountable. Little would have been achieved if one self-regulating body was replaced by another. While we will be entirely independent in our decisions on individual expense claims, our accounts will be scrutinised and our performance will be audited by the National Audit Office.

### **Working from two locations**

8. There is a cluster of matters which fall for consideration under this general heading.

#### Accommodation away from the MP's home.

9. One of the distinguishing features of being an MP is that, for most of them, they must have accommodation at a second location, whether in the constituency or in London. And, quite rightly, the cost of this second accommodation should be borne by the taxpayer. We are keen to point out, however, that we are not talking about a “second home”, as understood under the old discredited system of allowances. We are talking about rented accommodation or a stay in a hotel. Indeed, the premise is that IPSA will fund the cost of a one-bedroom flat. The cost will be met from a capped budget, with the maximum available amount being £1,450 per month in London and substantially less if the accommodation is outside London. This reflects the research that we have carried out. We expect MPs to use the taxpayer's money with care. Transparency will play an



important role: the amount claimed will be published on IPSA's website and the rental agreement will have to be approved by IPSA.

### Eligibility

10. Given that Parliament is in London, MPs have to spend a significant part of their time in London (though it need not be more than around 150 days a year). If an MP's constituency is in London or within reasonable commuting distance, s/he will not need funds from the public purse for accommodation at a second location. So, we had to decide which constituencies should be regarded as being within a reasonable distance.
11. Our initial proposal, set out at paragraph 61 of the Annex, had the virtue of simplicity and thus ease of administration, but was criticised as being wasteful of public money. The view was expressed strongly that it would have allowed MPs to receive expenses for accommodation in London who could reasonably be expected to commute (*Annex, paragraph 63*). In the light of the comments received, we have settled on two criteria for determining what constitutes a reasonable commute which we think are fair: MPs will not be eligible for accommodation expenses if any part of their constituency is within 20 miles of Westminster, or it is possible to commute from any part of their constituency to Westminster by rail within 60 minutes at peak times. A total of 128 constituencies fall within these criteria (*Scheme, Schedule 2*).

### Mortgage interest

12. A number of MPs have purchased homes in the past and used the old system of allowances to pay for the interest on the mortgage they obtained. No new mortgages will be funded by the taxpayer. IPSA will replace the system of "second homes" with a system of rented accommodation. The question then arises as to how long IPSA should continue to pay mortgage interest where MPs may have locked themselves into mortgage arrangements which would take some time to re-arrange, or where MPs will need to sell the property. It was accepted that this can take some time.
13. A transitional period was called for. The question was: how long the period should be. We suggested five years, relying to an extent on the fact that it reflected the life of a Parliament. Many thought that this was too long a period. Persuaded by the arguments put

forward, we have settled on a period extending from the start of the new Parliament to the summer two years later (*Annex, paragraph 95*). During this time MPs would not be able to “flip” - to re-designate which property was being subsidised by the taxpayer – as payments would only be for the property on which they are currently receiving funds for mortgage interest.

14. It is a reasonable expectation that MPs will not have tied themselves into long-term mortgage arrangements as they know that every few years they will face the electorate, and should not assume that they will be re-elected. MPs with tax-payer subsidised mortgages who lose their seats at the next election will have no choice but to find alternative means of funding their property or selling it with no period of transition.
15. A quite separate question relates to the recovery of capital gains made by MPs during this transitional period. We did not consult on this. We assume that as a matter of first principle, any gain made through the use of a subsidy from the taxpayer should be returned to the taxpayer. This was confirmed in our Consultation (*Annex, paragraphs 117-121*). IPSA will, therefore, make arrangements to recover the proportion of the gain attributable to taxpayer’s support (or, if this cannot be achieved, to recover the funds paid out for mortgage interest). The only remaining question is the mechanism to be used. IPSA will announce the procedure to be used as soon as possible.

#### MPs looking after others

16. While we do not see it as IPSA’s responsibility to promote greater diversity of representation in the House of Commons, we certainly are anxious not to put barriers in the way of anyone who might wish to become an MP. For this reason, we see the need to ensure that the provision for accommodation provided to an MP from public funds be sufficiently flexible to allow an MP who is looking after someone to obtain suitable accommodation. At the same time, we are keen that any such flexibility is not abused. The key lies in a careful description of who is covered.
17. In our Consultation document we talked of MPs with “caring responsibilities”. This was too vague a term and was criticised as such, while the general principle attracted some, though not overwhelming support. In the event, we have chosen to maintain the principle

but have laid the onus on the MPs claiming support to demonstrate that they fall into one of three categories: they care for children under five; s/he is a single parent and cares for a child in full time education and under the age of 21; or they care for an adult child or other family member who is in receipt of an allowance which reflects a need for additional support from the State (*Annex, paragraph 107*).

#### Running costs

18. We proposed a list of running expenses for residential accommodation which should be met from public funds, such as bills for utilities and council tax. Two items, neither of which we proposed, attracted particular attention: the cost of cleaning and the cost of building insurance. We have not been persuaded to add cleaning to our list, but we were persuaded to add the cost of building insurance as regards those continuing to own a second home during the transitional period (*Annex, paragraphs 108-109*).

#### Future arrangements for accommodation

19. We have made it clear that our current arrangements regarding accommodation are temporary. We intend to continue to explore options for long-term arrangements for accommodating MPs. We received a range of helpful suggestions on this matter during our Consultation which will assist us greatly (*Annex, paragraphs 78-84*).

#### **Travel and subsistence**

20. Like many others, MPs make two kinds of journey: a daily commute and trips associated with their job. The new scheme will only reimburse MPs for the latter. This latter category includes, but is not limited to, journeys between the constituency and London. Various means of public and private transport are permissible, with travel by private vehicle paid for at the standard rates set by Parliament and administered by HMRC.

#### Supporting evidence for claims

21. The issue which we must resolve is what evidence we should require of the MP before paying for the travel in private vehicles, to ensure that journeys were necessarily undertaken in the performance of Parliamentary functions. We proposed a number of

options in our Consultation, set out at paragraph 126 of the Annex. The third option received little or no support and we will not consider it further.

22. As between the other two, the first relying on a declaration by the claiming MP, the second calling for detailed evidence of each journey, the responses to the Consultation were mixed (*Annex, paragraphs 127-135*). Clearly, the tension is between the need for proper assurance that public money is being legitimately spent and accounted for, and the need to avoid an unnecessarily bureaucratic system with its associated costs. We intend to resolve this by adopting the second option, but with some simplifications for multiple trips within short time periods. We will set out our precise requirements in guidance to be published ahead of the general election.

#### Public transport – standard or first class

23. This issue commanded a great deal of interest. The arguments were finely balanced: the opportunity for privacy (not, of course, guaranteed) and the cost-effective use of time by being more able to work in first class, versus the fact that few people pay for first class travel themselves, and the merits of saving taxpayers' money in standard class. Others made arguments about status and comparisons with officials in the public sector. In the event, we saw the question not as a matter of the class of travel, nor of status, but in terms of value for money (*Annex, paragraphs 147-148*). We have taken account of the fact that it may on occasions be difficult for MPs to plan their time of travel (though, of course, MPs could change this if they wished, rather than use it as a reason for increased travel costs). The conclusion we have settled on is that the limit on expenditure for any journey will be the cost of a standard open ticket. Obviously, if an MP can travel at a cheaper rate, s/he should do so. Equally, if s/he can find a first class ticket at a rate below the standard open ticket, that would provide good value for money.

#### Travel by MPs' family members

24. We have already set out our view that MPs who are looking after others, as we define it at paragraph 107 of the scheme, should be supported in doing so by way of an increase in the accommodation provided. We extend that principle to travel. We believe that it is important that the MP and the person(s) cared for should be able to travel between the

MP's two locations. Otherwise, the MP will not be able to fulfil his/her responsibilities (*Annex, paragraph 153*).

25. As regards other family members, there was disagreement among those who responded to our Consultation. Having weighed the arguments, we are persuaded that there is merit in the proposition that allowing family members to travel on occasions to be with the MP is in the public interest. On the other hand, we considered the current provision of support for family members to travel between London and a constituency to be excessive. We have therefore steered a middle course, allowing some travel, but limiting it significantly (*Annex, paragraph 153*).

#### Subsistence payments

26. The call here is to acknowledge the fact that MPs are regularly required to work into the late evening, or night, without the opportunity to get a meal, and should be able to draw on some funds to pay for a meal in the Parliament. MPs advocated it strongly in the Consultation. There was only a limited response from the public. To us, there could be no return to the current system whereby MPs get £25 for food, without the need to provide receipts, for every night spent away from their designated main home, regardless of the circumstances. This payment effectively just topped up their salaries. Moreover, once again, this is a charge on the public purse only necessitated because of the working hours and practices of Parliament.
27. That said, we accept the case for subsidising evening meals for MPs who are genuinely working late. Given the fact that the cost of meals is already subsidised in Parliament, we have agreed to pay for the cost of meals up to a maximum of £15, to be paid only on an evening where Parliament sits beyond 7:30pm, excluding alcoholic drinks, and only on production of a receipt. And, as with all other claims, it will be published on IPSA's website. Transparency again will aid accountability and provide assurance to the public.

## **Staff for MPs**

### **Budgets**

28. It is important to notice at the outset that the money made available for staff is precisely that. It is separate from the funds used to meet MPs' personal expenses. Our approach to the costs of MPs' staff is to make available to MPs a budget which is capped at the level we see as appropriate for employing 3.5 members of staff. IPSA will require that a number of safeguards are observed, not least a contract of employment, incorporating certain standard clauses where the staff member is newly employed. IPSA will pay the member of staff only on production by the MP of a contract.
29. As well as the costs of staff's salaries, the budget will also meet the costs of MPs' contributions as employers to National Insurance and to pension schemes for their staff. It will also be possible for MPs to be reimbursed if they secure staff from agencies or pooled staffing resources such as are provided by some political parties.

### **Pension contributions**

30. One point which caused some confusion was our comment in our consultation document that the employer's (i.e. the MP's) contribution to the pension of staff members should come from the staffing budget. Some, still thinking in terms of an allowance for staff, thought that this would mean a reduction in the amount of funds available for staff. This is not our intention. Rather, the overall budget of £109,548 reflects the need to take account of pension contributions (*Annex, paragraph 184*).

### **Employment of connected parties**

31. IPSA has to address the question of whether it should fund the employment by an MP of someone connected to that MP. The arguments against doing so relate largely to the risk of abuse, there being few documented cases of actual abuse. The arguments in favour relate to the hard work of connected parties (and thus value for money) and the importance of trust between the MP and a member of staff. These arguments are well-balanced (*Annex, paragraphs 161-175*).

32. We approached this issue, as we approached others, working from first principles. It is not clear in principle why there should be a ban on employing connected parties. Such employment is common in small commercial enterprises, for example. We then recognised the risks of abuse and determined that there should be a series of safeguards. And, once again, we reminded ourselves that the transparency of any arrangement entered into by an MP would provide an additional assurance to the public.
33. The safeguards we will put in place are that: only one connected party may be employed at any given time, thereby removing the risk that a substantial proportion of the budget is allocated to such parties; there must be a standard contract and job description, and standard terms relating to pay scales; no bonuses will be paid; the salary of any connected party must be published; and all this information will be published prominently on IPSA's website (*Annex, paragraphs 179-180*).
34. We define a "connected party" as:
- (a) a spouse, civil partner or cohabiting partner of the member;
  - (b) a parent, child, grandparent, grandchild, sibling, uncle, aunt, nephew or niece of the member or of a spouse, civil partner or cohabiting partner of the member; or
  - (c) an individual or organisation where there exists a relationship as set out in the Companies Act 2006

#### Interns

35. We will only pay expenses to MPs for the services of interns if the intern has been given a contract of employment which complies with a standard contract drawn up by IPSA. We will devise such a contract.

#### **Working from a constituency**

36. There will be two budgets available from which MPs can draw, on production of evidence of legitimate expenditure: the Constituency Office Rental Expenditure (CORE) and general running costs (General Administrative Expenses).

## CORE

37. MPs will be able to draw on a budget to enable them to rent office accommodation in their constituency should they wish to do so. Annual expenditure from this budget, including associated costs such as utilities, will be limited to £12,761 for offices in the London area or £10,663 elsewhere. Given the potential for regional variation of rental costs, we intend to keep these levels under close review.
38. Should MPs rent from a political party, they will be required to submit an independent valuation to demonstrate that they are not paying more than the market rate. If an MP owns his/her own constituency office, the relevant associated costs can be claimed, but costs which enhance the capital value of the property cannot. We were confirmed, through the Consultation, in our view that MPs should not be entitled to rent property from connected parties (*Annex, paragraphs 187-188*).
39. We will continue to explore the proposal that we made in the Consultation Document that office space should be obtained by IPSA, then furnished and equipped, so that it could be used by successive MPs without the need to seek out new premises with the attendant costs. Although questioned by some MPs, this idea was widely welcomed by members of the public (*Annex, paragraphs 196-198*).

## General Administrative Expenditure

40. MPs will be able to draw on a budget up to £10,394 to meet a variety of running costs which are not provided for in other budgets, on the presentation of evidence of expenditure. These will include the purchase or lease of office equipment and furniture, and the procurement of services including training, recruitment and interpretation.
41. MPs will not be entitled to claim for the purchase of goods and services from connected parties (*Annex, paragraph 189*). MPs also cannot claim the cost of employing an accountant to prepare personal tax returns.
42. Expenditure for the purposes of communicating with constituents will not be separately funded but will be taken account of in setting the overall budget, (*Annex, paragraph 190-195*). The original areas of allowable expenditure on communications we envisaged were the advertising of constituency meetings and surgeries, and the production of contact



cards. In the light of views expressed in the Consultation, we have added the creation, maintenance and hosting of a website to our original list, (*Annex paragraph 195*).

## **Payments on leaving Parliament**

### One-off payment

43. We have taken the firm view that a one-off payment (which is analogous to redundancy pay) does not properly fall within the ambit of expenses. Because it was part of the old system of allowances (called the “resettlement allowance”), it was assumed by some that it would continue albeit under a different name. Indeed, the statute governing IPSA allows for this.

44. More thought has to be given to the appropriateness of some form of payment when an MP leaves the House of Commons. But, in our view, that is part of the consideration of remuneration which IPSA will have to undertake if given the responsibility for doing so, as envisaged in the Constitutional Reform and Governance Bill (*Annex, paragraphs 213-214*).

### Winding-up expenses

45. We recognise the need for funds to meet the costs of an MP’s closing down operations after leaving the House of Commons. We have reduced to two months the time covered by this category of expense.

## **Other payments**

46. As previously stated, we are anxious not to put barriers in the way of anyone who might wish to become an MP. For this reason, we will provide the funding necessary to enable disabled MPs to carry out their parliamentary functions. Neither would we want to put such barriers in the way for anyone who might wish to work for an MP. MPs’ staff should be able to obtain funding from the Access to Work fund. However, should that fund fall short, IPSA will provide additional assistance.

47. We recognise that there will be occasions when MPs may require some additional security measures arising from the office they hold and their public profile. In such cases,

and where provision for such measures is not made available from the House of Commons, MPs will be able to make a claim to safeguard themselves, their staff or their equipment up to a capped sum and following approval from IPSA.

48. MPs also currently receive certain types of insurance without charge through a central contract negotiated by the House of Commons. In the future, the costs of some of these types of insurance may be met from expenses, and we have provided for this in Part 12 of our scheme. However, in the short term, the House of Commons Commission has agreed to continue its existing contract for the first six months of the 2010/11 financial year, so MPs will not currently need to claim through expenses.

## **PART II: THE MPs' EXPENSES SCHEME**

### **PART 1:**

#### **INTRODUCTION**

- 1.1 This Scheme for the payment of expenses to Members of Parliament ("the Scheme") is made by the Independent Parliamentary Standards Authority ("IPSA") in the exercise of the powers conferred on it by section 5(3)(a) of the Parliamentary Standards Act 2009 to prepare an "MPs' allowances scheme".
- 1.2 The Scheme comes into force on the day after the next UK General Election after the Scheme is laid before the House of Commons by the Speaker of the House. It will remain in force until such a time as IPSA elects to revise it.
- 1.3 In the course of preparing the Scheme IPSA consulted-
  - (a) the Speaker of the House of Commons
  - (b) the Committee on Standards in Public Life
  - (c) the Leader of the House of Commons
  - (d) the Committee on Members' Allowances
  - (e) members of the House of Commons
  - (f) the Review Body on Senior Salaries
  - (g) HM Revenue and Customs
  - (h) HM Treasuryand also undertook a public consultation over the period 7 January to 11 February 2010 on the principles of its approach.
- 1.4 This Scheme is intended to ensure that Members of Parliament are reimbursed for expenses necessarily incurred in the performance of their parliamentary functions (and for no other expenses).
- 1.5 In preparing this scheme IPSA has had regard to the 12 fundamental principles set out in Schedule 1, whilst respecting Members' rights under the European Convention on Human Rights, including in particular rights under Article 8.

## PART 2:

### PROCESS FOR MAKING CLAIMS

2.1 The following requirements must be satisfied in relation to any claim made for the reimbursement of an expense under the Scheme:

- (a) Particulars of the claim are provided to IPSA by whatever mechanism IPSA sets out;
- (b) The claim is submitted personally by the Member of Parliament;
- (c) The claim is submitted no later than 90 days after the expenditure in question was incurred;
- (d) All evidence required by IPSA in support of the claim is submitted to IPSA no later than seven days after submission of the claim to which it refers.

2.2 IPSA shall set out in guidance the type and nature of evidence that is required in relation to each claim. Unless there is provision otherwise, receipts will need to be submitted in connection with all claims made for any expenses under this Scheme.

2.3 A claim will be refused if any part of the claim or the evidence supporting the claim is redacted prior to its submission to IPSA.

2.4 IPSA may make specific provision at the end of a financial year to limit the 90 day period specified at paragraph 2.1 (c).

PART 3:  
PROCESS FOR THE DETERMINATION AND REVIEW OF CLAIMS

*Determination of claims*

- 3.1 Following receipt of a claim, IPSA shall determine whether to allow or refuse it.
- 3.2 If IPSA determines to allow the claim it shall:
- (a) determine how much of the amount claimed is to be allowed; and
  - (b) arrange for the amount allowed to be paid to the claimant.
- 3.3 No decision by IPSA to allow a particular claim shall bind IPSA from determining differently in subsequent claims of the same nature.
- 3.4 If IPSA determines to refuse the claim or to allow only part of the amount claimed, it shall notify the claimant and specify the reason for the refusal.

*Reviews of claims*

- 3.5 Where IPSA determines either to refuse a claim or to allow only part of the amount claimed, the claimant may, within 14 days of IPSA issuing that notification, request IPSA to review its determination.
- 3.6 A request in accordance with paragraph 3.5 may only be made on the grounds that:
- (a) the rules have been applied incorrectly, or
  - (b) an administrative error has been made by IPSA.
- 3.7 Upon receiving a request in accordance with paragraph 3.5, IPSA shall undertake a review of whether the original determination was properly made.
- 3.8 IPSA may also elect to review its own determinations.

3.9 No staff member of IPSA who was involved in the original determination to refuse any part of the claim in question shall be involved in the determination of any review of that claim.

3.10 IPSA shall:

- (i) determine whether the original determination was properly made;
- (ii) determine whether to confirm or alter the amount allowed under the original determination;
- (iii) notify the claimant of its determination; and
- (iv) arrange for such amount as it has determined should be allowed to be paid to the claimant.

*Recovery of overpayments*

3.11 Where a claimant has been paid an amount that IPSA subsequently determines should not have been paid either in full or in part, IPSA shall arrange for the amount of the overpayment to be deducted from further payments of expenses to which the claimant may become entitled.

3.12 If the claimant has no further claims pending from which the overpayment can be deducted, or the value of the repayment required is greater in magnitude than the value of any pending further claims, IPSA shall require the claimant to repay the amount in question within 1 month of being notified of the outcome of the review.

## PART 4:

### THE EXPENSES: GENERAL CONDITIONS

4.1 No claims will be considered from a Member of Parliament who has not first set out to IPSA that they agree to abide by the rules and conditions set out in this Scheme.

4.2 In making any claim for expenses allowable under this Scheme, a Member of Parliament must certify that the expenditure was necessary for performance of their parliamentary functions, and that in incurring the expenditure they had complied with the rules within this Scheme.

4.3 Members of Parliament must also certify at the end of each year that all expenditure they incurred in that year was necessary for performance of their parliamentary functions, and that they had complied with the rules within this Scheme and had regard to the principles at Schedule 1.

4.4 Members of Parliament must provide any information or assistance reasonably required by IPSA to carry out its management assurance functions, in order to ensure the appropriate and cost-effective use of public funds, or for the purposes of audit.

4.5 IPSA may publish such information as it considers appropriate in regard to any claims made.

#### *Budgets and financial limits: general provisions*

4.6 Unless specified elsewhere, all budgets and financial limits set out in this Scheme are for a year commencing on 1 April, and ending on 31 March of the following year. All references to a “year” are to be read in this context.

4.7 Where a Parliament commences within a year, IPSA will calculate budgets for the remainder of the year and set them out accordingly.

4.8 Where Parliament is dissolved within a year, IPSA may calculate proportionally reduced budgets and set them out accordingly.

4.9 IPSA may from time to time amend the budgets and financial limits set out in this Scheme.

4.10 Expenses may not be transferred between budgets, nor may they be charged in advance of the beginning of a year. Amounts unutilised in any particular year's budget may not be carried forward into subsequent years.

*Budgets which are dependent on the geographic location of a Member's constituency*

4.11 For the purposes of this Scheme, Members of Parliament representing any constituency listed in Schedule 2 are referred to as "London Area MPs", and any reference should be read accordingly.

4.12 Members of Parliament representing any other constituency are referred to as "non-London Area MPs".

*General restrictions applicable to the claiming of expenses*

4.13 Except to the extent permitted under paragraph 4.18, no expenses may be claimed relating to a Member's rental of a property, where the Member or a connected party is the owner of the property in question.

4.14 No expenses may be claimed relating to the purchase of goods or services, where the Member or a connected party is the provider of the goods or services in question.

4.15 For the purposes of this Scheme, a connected party is one where there is either a family or business relationship between the MP and the party in question.

4.16 'Air miles' or similar customer loyalty benefits and other discounts earned on purchases for which expenses are payable under this Scheme are not for personal use, but must be applied to further expenses which may be claimed.



### *Transitional Arrangements*

- 4.17 Any expense or allowance to which a Member may have been entitled under any previous allowances scheme for Members of Parliament shall cease to be payable from the date when this Scheme comes into force, except as set out in paragraphs 4.18 to 4.20 below.
- 4.18 Accommodation Expenses (mortgage interest): Regardless of a Member's eligibility for Accommodation Expenses as set out at paragraphs 5.4 to 5.8, a Member receiving payments for mortgage interest when this Scheme comes into force may continue to claim for such payments until 31 August 2012 or the date when the Member disposes of the property on which the allowance is claimed, whichever is the earlier (subject to the provisions in Part 5 of this Scheme).
- 4.19 Staffing Expenditure (connected parties): The restriction in paragraph 8.6 on the employment of connected parties shall not apply to any arrangements already in place when this Scheme is laid before the House of Commons. Staffing Expenditure may be claimed in relation to such connected parties until the date when the party in question ceases to be employed or otherwise to provide staffing assistance.
- 4.20 Disability Assistance: A Member receiving payments for disability assistance when this Scheme comes into force may continue to claim for expenditure of the same nature without satisfying the conditions in Part 12 of this Scheme.

PART 5:  
ACCOMMODATION EXPENSES

*Purpose*

5.1 A claim may be made for Accommodation Expenses for expenses necessarily incurred on overnight accommodation which is required for the performance of the Member's parliamentary functions.

5.2 Accommodation Expenses may be claimed only for the following costs:

- (a) Hotel accommodation; or
- (b) Rental payments and associated expenditure as set out at paragraph 5.3; or
- (c) Exceptionally, in the case of Members receiving payments for mortgage interest when this Scheme comes into force, continued payment of mortgage interest and associated expenditure as set out at paragraph 5.3.

5.3 Associated expenditure shall be taken to include:

- (a) Utility bills (gas, electricity, other fuel and water),
- (b) Council tax,
- (c) Ground rent and service charges,
- (d) Home contents insurance (and, in the case of Members receiving continued payment of mortgage interest, buildings insurance),
- (e) Approved security measures,
- (f) Installation of a landline telephone line, line rental and usage charges,
- (g) Installation of a broadband connection and usage charges,
- (h) Connection to an approved television broadcast package and usage charges,
- (i) The purchase of a television licence.

## *Eligibility*

5.4 Accommodation Expenses are payable only to non-London Area MPs.

5.5 Accommodation Expenses shall not be payable to a Member who, by virtue of any particular office held, occupies 'grace and favour' accommodation.

5.6 Members may only claim for Accommodation Expenses in relation to rental property at one location, which may be either:

- (a) in the London Area (which for the purposes of this Scheme is defined as those constituencies listed at Schedule 2), or
- (b) within the Member's constituency, or within 20 miles of any point on the constituency boundary.

5.7 Claims may only be made for Accommodation Expenses (other than for hotel costs) if IPSA has approved the claimant Member's rental contract or mortgage agreement and agreed that such claims can be made.

5.8 Accommodation Expenses may only be paid in relation to hotel costs to non-London Area MPs who have informed IPSA of their intention not to claim for rental property, mortgage interest or the London Area Living Payment.

## *Budgets: rental payments in the London Area*

5.9 For MPs claiming for rental payments in the London Area, the annual Accommodation Expenses budget (including all associated expenditure as set out at paragraph 5.3) is £19,900.

5.10 Within this budget, a maximum of £17,400 can be claimed for rental payments in any year.

*Budgets: rental payments within Members' constituencies*

5.11 For MPs claiming for rental payments within the Member's constituency, or within 20 miles of any point on the constituency boundary, IPSA may set out in guidance annual Accommodation Expenses budgets, which may vary having regard to particular constituencies.

*Budgets: MPs claiming for mortgage interest*

5.12 For MPs claiming for mortgage interest, the annual Accommodation Expenses budget (including all associated expenditure as set out at paragraph 5.3) is £17,500.

5.13 Within this budget, a maximum of £15,000 can be claimed for mortgage interest in any year.

*Budgets: Members who elect to share rental accommodation*

5.14 If two eligible Members elect to share rental accommodation, that intention shall be registered with IPSA when an application for expenses relating to the shared property is made. Throughout the duration of such arrangements, the combined Accommodation Expenses budget for those two Members is limited to four thirds of one Member's budget.

5.15 For any subsequent eligible Members who elect to share this accommodation, the combined Accommodation Expenses budget for all of the Members sharing the accommodation is to be increased by two thirds of one Member's budget.

5.16 All costs claimed from Accommodation Expenses by Members who elect to share accommodation are to be apportioned equally.

*Additional budgets for MPs with responsibility for caring for others*

5.17 A Member who is eligible to claim Accommodation Expenses for rental costs may claim an additional amount of up to £2,425 in any financial year for any additional

expenditure that may be required, for each person for whom that Member has caring responsibilities.

5.18 For this purpose a Member will be deemed to have caring responsibilities in the circumstances set out in the table below:

<b>Description</b>	<b>Eligibility</b>
A dependent child of up to the age of five years	All Members
A dependent child in full-time education, of up to the age of 21 years	Members who are the sole carer only
Any family member for whom the MP is the primary carer, who is in receipt of one of the following benefits: <ul style="list-style-type: none"><li>• Attendance Allowance</li><li>• Disability Living Allowance at the middle or highest rate for personal care</li><li>• Constant Attendance Allowance at or above the normal maximum rate with an Industrial Injuries Disablement Benefit, or basic (full day) rate with a War Disablement Pension</li></ul>	All Members

#### *Loans for deposits on rental properties*

5.19 A Member who is eligible to claim Accommodation Expenses for rental costs may apply to IPSA for a loan to cover any deposit payable at the commencement of a tenancy.

5.20 The Member shall be responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy came to an end or when the Member ceases to be an MP (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the Member.

### *Conditions applicable to Accommodation Expenses*

5.21 A Member's entitlement to an uplift in their budget for Accommodation Expenses attributable to caring responsibilities as set out at paragraph 5.18 shall cease under the following circumstances:

- (a) in the case of any person for whom the Member has caring responsibilities, when that person ceases to reside with the Member;
- (b) in the case of a dependent child who attains the age of five years, six months after the end of the financial year during which the child attains that age;
- (c) in the case of a dependent child in full-time education who attains the age of 21 years, six months after the end of the financial year during which the child attains that age or concludes full-time education; and
- (d) in the case of any family member for whom the MP is the primary carer, who is in receipt of one of the benefits listed at paragraph 5.18, six months after the end of any financial year during which the family member ceases to be in receipt of one of those benefits.

5.22 Hotel accommodation: Accommodation Expenses may only be claimed in relation to hotel accommodation up to a maximum cost of £130 per night in the London Area, or £105 elsewhere in the United Kingdom.

5.23 Charges for use of telephones: IPSA will be entitled to limit reimbursement of the cost of bills for telephone usage incurred under paragraph 5.3(f), 9.11(d) and 10.4(a) to a percentage of the actual cost incurred to reflect likely usage for purposes other than the pursuance of parliamentary functions.

5.24 Continued provision of mortgage interest: In the case of Members receiving payments for mortgage interest for a property when this Scheme comes into force, IPSA may make conditions relating to the recovery from those Members of a value relating to the extent of subsidy by the taxpayer of any increases in value of that property.

PART 6:  
LONDON AREA LIVING PAYMENT

*Purpose*

6.1 The London Area Living Payment contributes towards the additional expenses of living in the London Area or of commuting regularly to the London Area.

*Eligibility*

6.2 The London Area Living Payment may be claimed by London Area MPs, or by non-London Area MPs who have informed IPSA of their intention not to claim for accommodation expenses.

*Limit*

6.3 The London Area Living Payment is limited to £3,760 per financial year, payable on a monthly basis.

*Conditions applicable to the London Area Living Payment*

6.4 The London Area Living Payment will not be payable in relation to any period before notification is given to IPSA that the Member has elected to claim it.

6.5 The London Area Living Payment shall not be payable to a Member who occupies any 'grace and favour' accommodation (by virtue of any particular office held).

6.6 The London Area Living Payment shall not be payable to a Member who receives payment for mortgage interest under paragraph 4.18 of this Scheme.

6.7 If a Member in receipt of the London Area Living Payment subsequently elects to claim Accommodation Expenses, the Member's entitlement to the London Area Living Payment shall cease with effect from the day before Accommodation Expenditure is claimed.

PART 7:  
TRAVEL & SUBSISTENCE EXPENSES

*Purpose*

7.1 Travel and Subsistence Expenses may be claimed for the costs of travel, travel-related and subsistence expenditure undertaken by an MP or others, which are necessarily incurred in the performance of the MP's parliamentary functions.

*MPs' travel*

7.2 Members may claim Travel and Subsistence Expenses for journeys which are necessary for the performance of their parliamentary functions, and fall into one of the following categories:

- (a) For MPs who are in receipt of Accommodation Expenses, journeys between any point in the constituency (or a home or office within 20 miles of their constituency) and Westminster or a London Area home;
- (b) For MPs who are not in receipt of Accommodation Expenses, journeys between their constituency office and Westminster;
- (c) Travel within the constituency or within 20 miles of the constituency boundary;
- (d) Extended UK travel that can be justified to IPSA; or
- (e) A maximum of three return journeys to the national Parliaments of Council of Europe member states, or institutions and agencies of the European Union.

*General conditions*

7.3 Other than at paragraph 7.32 below (late night taxis), no expenses will be payable for the cost of journeys between:

- (a) Westminster and an MP's home in the London Area; or



(b) An MP's constituency home and their constituency office.

7.4 No expenses will be payable for journeys which are undertaken for the purpose of carrying out ministerial functions, or for carrying out functions relating to an MP's role on a Select Committee or official delegation.

7.5 The Member should always have regard to whether any particular journey is necessary and, if it is, the most cost-effective way to undertake it. In particular, whatever means of purchased transport is used, consideration should be given to whether potential savings to public funds could be made through the use of concessionary fares such as season tickets, advance purchase or off-peak travel.

*Specific conditions: public transport*

7.6 The actual costs of allowable public transport journeys for journeys by bus, underground or other metropolitan transport system will be reimbursed.

7.7 Members may claim reimbursement for costs incurred in relation to allowable journeys by rail. Such reimbursement will be limited to the rate of an "anytime standard open" ticket for the same journey prevalent at the time of the claim.

7.8 Where a Member obtains a railcard which allows savings to be made on future purchases of rail tickets, reimbursement of the cost of the railcard may be claimed.

7.9 Members may claim reimbursement for costs incurred in relation to allowable journeys by air, coach or ferry. In each case only the costs of economy class tickets or the equivalent will be reimbursed.

*Specific conditions: private transport*

7.10 Private cars, motorcycles or bicycles may be used as an alternative to public transport where there is a specific need or it is cost-effective to do so. A Member undertaking a journey by private transport, as the driver, will be reimbursed in accordance with the rates set out in IPSA's guidance.

- 7.11 Where more than one MP travels in the same car, only the driver may claim for the cost of that journey.
- 7.12 Members using private transport may claim reimbursement of costs necessarily incurred in relation to their journey for parking charges, congestion zone charging and road tolls.
- 7.13 Taxi fares will be reimbursed from Travel and Subsistence Expenses where a journey is necessary and at least one of the following criteria is satisfied:
- (a) no other reasonable method of transport is available for all or part of the journey; or
  - (b) alternative methods of transport are impracticable due to pregnancy, disability, illness or injury of the MP or staff member.
- 7.14 Alternatively, private hire cars may be used in the above circumstances where a saving to the public purse over the cost of using taxis can be demonstrated.
- 7.15 If a private hire car is hired for one or more journeys which are necessary for the performance of parliamentary functions, it may not be used for any other journeys. The car must also be returned at the end of its hire with a full tank of fuel, to avoid any penalty charges.
- 7.16 Members may claim for the cost of hiring the car, of any fuel used, and insurance purchased.

*Travel by members of MPs' staff*

- 7.17 MPs may claim Travel and Subsistence Expenses in respect of the following journeys made by members of their staff:
- (a) journeys between the MP's constituency office and Westminster;

(b) travel within the constituency or within 20 miles of the constituency boundary;  
and

(c) travel elsewhere within the UK for the purposes of relevant training.

7.18 No more than 24 single journeys as described at paragraph 7.17(a) may be claimed for each staff member in each year.

7.19 All of the conditions at paragraphs 7.4 to 7.16 apply to travel by members of MPs' staff, apart from paragraph 7.8 (railcards).

#### *Travel by family members*

7.20 Members may claim Travel and Subsistence Expenses in respect of travel for their dependent children aged under 16 years. Such claims are limited to 30 single journeys per child between the Member's London Area residence and the constituency residence in each year.

7.21 Where a Member is deemed to have responsibility for caring for others under paragraph 5.18, the MP may claim for journeys by those people for whom they are deemed to have responsibility for caring. Such claims are limited to 30 single journeys between the Member's London Area residence and the constituency residence in each year for each person for whom the MP is deemed to have responsibility for caring.

7.22 In the circumstances at paragraph 7.21, where the MP shares responsibility for caring with a spouse or partner, the MP may also claim for journeys by their spouse or partner. Such claims are limited to 30 single journeys per person between the Member's London Area residence and the constituency residence in each calendar year.

7.23 All of the conditions at paragraphs 7.4 to 7.16 apply to travel by members of MPs' families, apart from paragraph 7.8 (railcards).

#### *Subsistence expenditure*

7.24 Members may claim Travel and Subsistence Expenses for the cost of an overnight hotel where they have necessarily travelled in relation to their parliamentary functions,

and it is unreasonable to expect them to return to any residence either in the London Area or their constituency.

7.25 Travel and Subsistence Expenses may not be claimed in relation to hotels in the London Area except in the circumstances at paragraphs 7.33 – 7.34 below.

7.26 Where Travel and Subsistence Expenses are claimed in relation to hotels outside the United Kingdom, this is subject to an upper limit of £130 per night.

7.27 Where Travel and Subsistence Expenses are claimed in relation to hotels inside the United Kingdom but outside the London Area, Travel and Subsistence Expenses may only be claimed in relation to hotel accommodation up to a maximum cost of £105 per night.

7.28 Where an MP necessarily stays overnight neither in the London Area nor their constituency, for reasons derived from their Parliamentary functions, they may also claim Travel and Subsistence Expenses for expenditure incurred in purchasing food and non-alcoholic drinks.

7.29 Expenditure under paragraph 7.28 is limited to £25 for each night.

7.30 Members may claim reimbursement of the costs of an evening meal (excluding alcoholic drinks) eaten on the Parliamentary Estate, only where they are required to be at the House of Commons because the House is sitting beyond 7:30pm.

7.31 Expenditure under paragraph 7.30 is limited to £15 for each night.

*Specific provision for late parliamentary sittings*

7.32 Members may claim for reimbursement of taxi fares for journeys from the House of Commons to a London Area residence, only where they are required to be at the House of Commons because the House is sitting beyond 11pm. This is subject to an upper limit of £80 in respect of each such journey.

7.33 Non-London Area MPs who claim the London Area Living Payment may alternatively in the circumstances set out at paragraph 7.32 claim for the cost of an overnight stay in a hotel. This is subject to an upper limit of £130 per night.

7.34 Where any Member is required to be at the House of Commons because the House is sitting beyond 1am, they may claim for the cost of an overnight stay in a hotel if it would not be reasonable to return to any residence. This is subject to an upper limit of £130 per night.

PART 8:  
STAFFING EXPENDITURE

*Purpose*

8.1 Staffing Expenditure may be claimed to meet the cost incurred in the provision of staff to assist with the performance of the Member's parliamentary functions.

8.2 Staffing Expenditure may be used to meet the following costs:

- (a) Staff salaries, employers' contributions to National Insurance and employers' contributions to pension schemes;
- (b) Payments to pooled staffing resources;
- (c) Payments for bought-in services;
- (d) Overtime payments, to the extent that these are specified in staff's terms and conditions; and
- (e) Payments for childcare vouchers for staff or other payments by way of salary sacrifice schemes.

*Eligibility*

8.3 All Members are eligible for Staffing Expenditure.

*Limit*

8.4 The annual Staffing Expenditure budget for each Member is £109,548.

*Conditions*

8.5 Subject to paragraph 8.6, and subject to notification by an MP to IPSA by 30 June 2010 of any exceptions in respect of staff employed prior to this Scheme coming into effect and

continuing after that date, the salaries of staff employed by a Member will be paid by IPSA provided that the following conditions are satisfied –

- (a) the member of staff is employed to do work that complies with one or more of the Job Descriptions published by IPSA from time to time;
- (b) the employee's salary is within the range published by IPSA from time to time as being applicable to the Job Description in question;
- (c) A contract of employment that complies with the model contract of employment published by IPSA from time to time has been signed by the relevant parties;
- (d) the Member has provided to IPSA –
  - i. a Job Description (including the applicable pay range for the job) for the employee in question, and
  - ii. a signed contract of employment that complies with the model that shall be published by IPSA from time to time; and
- (e) the Member has obtained IPSA's approval before a contract of employment was entered into.

8.6 Except where paragraph 4.19 applies, a Member will not receive funds from Staffing Expenditure for the salary of more than one employee who is a connected party.

8.7 Nothing in this Scheme shall be taken to affect the MP's position as the employer of their staff.

#### *Employers' contributions to National Insurance*

8.8 Employers' National Insurance contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

#### *Pension scheme payments*

8.9 Employers' pension contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

8.10 Except where the employee in question has opted out of the Portcullis Pension Plan, the contributions at paragraph 8.9 shall be towards that plan and shall be equal to 10% of the employee's salary.

8.11 IPSA will if requested by the MP make contributions to an approved pension plan other than the Portcullis Pension Plan if it is satisfied that this is the preference of that staff member.

#### *Payments for bought-in services and pooled staffing resources*

8.12 Staffing assistance may alternatively be obtained through bought-in services or from pooled staffing resources.

8.13 In making claims for payments under paragraph 8.12, Members must have regard to the conditions with regard to provision of services by connected parties set out at paragraph 4.14.

#### *Salary sacrifice for employee benefits*

8.14 A Member may request IPSA to make arrangements for employees to have access to benefits such as childcare voucher schemes through salary sacrifice arrangements. Payments from staff's salaries will be administered by IPSA. Any employer contributions will be deducted from the budget for Staffing Expenditure.



## PART 9:

### CONSTITUENCY OFFICE RENTAL EXPENDITURE

#### *Purpose*

9.1 Constituency Office Rental Expenditure (CORE) may be claimed for costs incurred by the Member for the performance of parliamentary functions relating to the Member's constituency, in order to maintain one or more offices, or to provide surgeries.

#### *Eligibility*

9.2 All Members are eligible for CORE.

9.3 For London Area MPs, the annual CORE budget (including all associated expenditure as set out at paragraph 9.11) is £12,761.

9.4 For non-London Area MPs, the annual CORE budget (including all associated expenditure as set out at paragraph 9.11) is £10,663.

#### *Constituency Office rental*

9.5 CORE may be claimed for the rent of one or more premises to be used as a constituency office.

9.6 A constituency office must be located within the area of the constituency or less than 20 miles outside the boundary of that area.

9.7 In a case where the premises are to be rented from a political party or constituency association, a valuation must be provided from a qualified independent assessor as to the market rate for the contract, and that market rate must not be exceeded.

#### *Loans for deposits on rental properties*

9.8 A Member who is eligible to claim CORE for rental costs may apply to IPSA for a loan to cover any deposit payable at the commencement of a tenancy.

9.9 The Member shall be responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy came to an end or when the Member ceases to be an MP (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the Member.

*Constituency surgeries*

9.10 Whether or not a claim is made for rent of a constituency office under paragraph 9.5, CORE may be claimed for the rent or hire of premises in which to hold constituency surgeries.

*Associated expenditure*

9.11 CORE may be claimed for the following costs incurred in connection with the premises for a constituency office or constituency surgery –

- (a) energy and water bills;
- (b) business rates;
- (c) contents insurance;
- (d) rental costs for telephone and internet access and the costs of usage.

*Use of offices by others*

9.12 If a licence is granted or permission is given to any person for the use of the premises or any part of them on one or more occasions, a fee must be charged which reflects an appropriate proportion of the rent and other costs incurred.

9.13 Any amount charged as a fee must be remitted to IPSA.

### *Sharing offices*

- 9.14 If the premises for a constituency office or surgery are shared with another MP, a member of the European Parliament, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, CORE may be claimed only for the appropriate proportion of the rent and other costs payable.

PART 10:  
GENERAL ADMINISTRATIVE EXPENDITURE

*Purpose*

10.1 A claim for General Administrative Expenditure may be made in relation to expenditure incurred by the Member that is not claimable from other budgets under this scheme, and falls into the following categories:

- (a) office equipment, including initial installation and maintenance;
- (b) the procurement of services;
- (c) communication costs, including stationery.

*Budgets*

10.2 The annual General Administrative Expenditure budget is £10,394.

10.3 IPSA may set, in its guidance, limits on expenditure on individual items.

*Qualifying expenditure*

10.4 The expenditure for which General Administrative Expenditure may be claimed includes:

- (a) The facilities, equipment, supplies and services required for the use of the Member, the Member's staff or visitors to the Member's office, including:
  - (i) the purchase or hire of office furniture;
  - (ii) the purchase or hire of computers, printers, photocopiers, fax machines, scanners and shredders, for which provision is not made separately by the House of Commons;

- (iii) the purchase of computer hardware or software for the Member or the Member's staff, for which provision is not made separately by the House of Commons;
  - (iv) the purchase or hire of telephone systems (including mobiles);
  - (v) the payment of accounts for telephone and internet usage relating to the Member's Parliamentary functions;
  - (vi) the purchase or hire of a television (limited to one purchase per Parliament) and the purchase of a licence for its use;
  - (vii) the purchase of stationery and postage costs (to the extent that they are not already provided directly by the House of Commons).
- (b) Installation and maintenance costs in relation to any items of office equipment for which General Administrative Expenditure is available.
- (c) Removal costs incurred in the event that it is necessary to move the location of the Member's office during the course of a Parliament.
- (d) The commissioning of services, including:
- (i) relevant training for the Member and the Member's staff, to the extent that it is not provided by the House of Commons;
  - (ii) professional services such as legal advice or other services requiring specialist expertise (but not including accountancy for personal tax work);
  - (iii) recruitment services;
  - (iv) interpretation, translation and sign language services;
  - (v) security services.

(e) Communications expenditure, comprising:

- (i) the hire of venues for meetings and catering services required to provide hospitality to visitors;
- (ii) the production, design and hosting of an MP's website (including the purchase of a domain name);
- (iii) the design and production of contact cards;
- (iv) the advertising of constituency meetings or surgeries.

*Conditions*

10.5 Where a Member shares an office and facilities with another Member or with a member of a devolved legislature or of the European Parliament, an agreement setting out how the costs are to be apportioned must also be submitted.

10.6 General Administrative Expenditure may not be claimed for either:

- (a) funding any material that contains a party political logo or emblem; or
- (b) publishing any material which could be construed as campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000.

## PART 11:

### WINDING-UP EXPENSES

#### *Purpose*

11.1 Winding-Up Expenses are designed to meet the cost of completing the outstanding parliamentary functions of a person who ceases to be a Member of Parliament.

#### *Eligibility*

11.2 All former Members of Parliament are eligible for Winding-Up Expenses.

11.3 Winding-Up Expenses are available for Members when they are not re-elected to Parliament (whether or not this is because they do not stand at a General Election) or who leave the House during a Parliament. It is payable only to a former Member of Parliament, who ceased to be such a Member a maximum of two months before the date on which the expense being claimed was incurred.

11.4 Winding-Up Expenses may be claimed for the costs of concluding parliamentary functions, including -

- (a) Salary, and National Insurance costs for any staff who continue to work for the Member (for up to a maximum of two months after the Member leaves Parliament);
- (b) Other contractual liabilities for staff in respect of the period after the date of the General Election, such as any overtime worked, untaken holiday and pay in lieu of notice if allowed by staff contracts;
- (c) Employee pension contributions in respect of service during the winding up period, redundancy or termination payments to staff;
- (d) Contractual liabilities for offices and/or equipment, such as office rent and utility bills and equipment rental payments for the notice period;

- (e) Travel costs where necessary for completion of parliamentary functions, with certification that the travel was for the purpose of closing down such functions;
- (f) Any costs reasonably incurred under the terms of an office rental agreement, such as the costs of redecorating the office and making good dilapidations;
- (g) Postage, stationery and telephone costs, subject to rules in Part 10 of this Scheme, with evidence that the claim relates to the conclusion of parliamentary functions;
- (h) The costs of removing items such as furniture from the Member's office;
- (i) Other associated costs, such as the shredding of confidential waste or cleaning the hard disk of any IT equipment which has been purchased with an allowance paid under the Scheme;
- (j) The costs, including removal costs, of leaving any home funded through an allowance paid under the Scheme, but excluding redecoration and cleaning costs.

*Limit*

11.5 Winding-up Expenses are limited to a maximum of £40,609.



PART 12:  
MISCELLANEOUS EXPENSES

12.1 A Member may claim one or more of the miscellaneous expenses contained in this part of the Scheme where applicable to the Member's circumstances.

A. Disability Assistance

*Purpose*

12.2 Disability Assistance may be claimed for necessary additional expenditure incurred in the performance of a Member's parliamentary functions which is reasonably attributable to a disability of a Member.

12.3 In addition to the expenditure for which claims may be made under other parts of this Scheme, Disability Assistance may be claimed for items or costs including:

- (a) Staff and associated costs;
- (b) IT and other specialist equipment;
- (c) Office furniture;
- (d) Necessary adjustments to office premises or accommodation;
- (e) Necessary costs of securing larger office premises or accommodation;
- (f) Necessary additional travel costs.

*Eligibility*

12.4 Disability Assistance may be claimed by any Member with a disability within the meaning of the Disability Discrimination Act 1995.

*Conditions*

12.5 A claim for Disability Assistance must be accompanied by an assessment by a suitably qualified person specifying the nature of the condition in question, the assistance required and a recommended period of review.

## B. Security Assistance

### *Purpose*

12.6 A claim may be made for Security Assistance for additional security measures that are necessary to enable the Member's parliamentary functions to be undertaken.

### *Eligibility*

12.7 A claim may be made by any Member who considers that measures are necessary to safeguard the Member, or the Member's staff or equipment at any location outside the Parliamentary Estate where assistance towards the provision of such measures is not available from the House of Commons.

### *Limit*

12.8 The limit for Security Assistance will normally be £2,000 in any financial year except where advice from the Police or Security Service indicates that expenditure on security measures exceeding that amount is necessary.

### *Conditions*

12.9 IPSA shall not accept a claim for Security Assistance unless:

- (i) it is provided with a copy of a report by the Police or Security Service setting out the grounds for the proposed expenditure; and
- (ii) it is satisfied that the Member's ability to perform the Member's parliamentary functions in safety would be significantly impaired if the claim is not accepted.

12.10 Any claim for Security Assistance should be approved in principle before any contract is entered into to incur the expenditure. The in principle claim should be accompanied with an estimate of the costs to be incurred, obtained from a reliable supplier.

### C. Insurance

12.11 In addition to any insurance which is payable under Parts 5 and 9 of this Scheme, MPs may claim in respect of premium payments for the following types of insurance:

- (a) Employer's Liability Insurance, up to a limit of £10,000,000;
- (b) Public Liability Insurance, up to a limit of £5,000,000;
- (c) Travel Insurance, to cover travel under paragraph 7.2 (e).

12.12 No claim may be made under paragraph 12.11 if the MP is otherwise provided with the type of insurance in question by the House of Commons or by IPSA.

### D. Contingency payments

12.13 Where a Member necessarily incurs expenditure or liability for expenditure related to the performance of the Member's parliamentary functions which is not covered by any of the allowances set out in this Scheme or, if it is covered by one or more of those allowances, it exceeds any financial limit that may apply, the Member may apply to IPSA to be reimbursed on an exceptional basis in respect of that expenditure.

12.14 IPSA may decide to accept or reject a claim under paragraph 12.13 (or any part of it) at its sole discretion, and in considering its decision shall take into account the following factors:

- (a) whether the Member could reasonably have been expected to take any action to avoid the circumstances which gave rise to the expenditure or liability;
- (b) whether the Member's performance of parliamentary functions will be significantly impaired by a refusal of the claim.

## SCHEDULE 1 – FUNDAMENTAL PRINCIPLES

1. Members of Parliament should always behave with probity and integrity when making claims on public resources. MPs should be held, and regard themselves, as personally responsible and accountable for expenses incurred, and claims made, and for adherence to these principles as well as to the rules.
2. Members of Parliament have the right to be reimbursed for unavoidable costs where they are incurred wholly, exclusively, and necessarily in the performance of their parliamentary duties, but not otherwise.
3. Members of Parliament must not exploit the system for personal financial advantage, nor to confer an undue advantage on a political organisation.
4.
  - a) The system should be open and transparent.
  - b) The system should be subject to independent audit and assurance.
5. The details of the expenses scheme for Members of Parliament should be determined independently of Parliament.
6. There should be clear, effective and proportionate sanctions for breaches of the rules, robustly enforced.
7. The presumption should be that in matters relating to expenses, MPs should be treated in the same manner as other citizens. If the arrangements depart from those which would normally be expected elsewhere, those departures need to be explicitly justified.
8. The scheme should provide value for the taxpayer. Value for money should not necessarily be judged by reference to financial costs alone.
9. Arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, and should not unduly deter representation from all sections of society.

10. The system should be clear and understandable. If it is difficult to explain an element of the system in terms which the general public will regard as reasonable, that is a powerful argument against it.
11. The system should prohibit MPs from entering into arrangements which might appear to create a conflict of interests in the use of public resources.
12. The system must give the public confidence that high standards of honesty will be upheld.

SCHEDULE 2 – LIST OF CONSTITUENCIES WHOSE MPs ARE INELIGIBLE FOR  
ACCOMMODATION EXPENSES

1.	Aldershot	48.	Finchley & Golders Green
2.	Barking	49.	Gravesham
3.	Basildon & Billericay	50.	Greenwich & Woolwich
4.	Basingstoke	51.	Guildford
5.	Battersea	52.	Hackney North & Stoke Newington
6.	Beaconsfield	53.	Hackney South & Shoreditch
7.	Beckenham	54.	Hammersmith
8.	Bermondsey & Old Southwark	55.	Hampstead & Kilburn
9.	Bethnal Green & Bow	56.	Harlow
10.	Bexleyheath & Crayford	57.	Harrow East
11.	Brent Central	58.	Harrow West
12.	Brent North	59.	Hayes & Harlington
13.	Brentford & Isleworth	60.	Hemel Hempstead
14.	Brentwood & Ongar	61.	Hendon
15.	Bromley & Chislehurst	62.	Hertford & Stortford
16.	Broxbourne	63.	Hertsmere
17.	Camberwell & Peckham	64.	Hitchin & Harpenden
18.	Carshalton & Wallington	65.	Holborn & St Pancras
19.	Castle Point	66.	Hornchurch & Upminster
20.	Chatham & Aylesford	67.	Hornsey & Wood Green
21.	Chelmsford	68.	Ilford North
22.	Chelsea & Fulham	69.	Ilford South
23.	Chesham & Amersham	70.	Islington North
24.	Chingford & Woodford Green	71.	Islington South & Finsbury
25.	Chipping Barnet	72.	Kensington
26.	Cities of London & Westminster	73.	Kingston & Surbiton
27.	Crawley	74.	Lewisham East
28.	Croydon Central	75.	Lewisham West & Penge
29.	Croydon North	76.	Lewisham, Deptford
30.	Croydon South	77.	Leyton & Wanstead
31.	Dagenham & Rainham	78.	Luton North
32.	Dartford	79.	Luton South
33.	Dulwich & West Norwood	80.	Maidenhead
34.	Ealing Central & Acton	81.	Mid Sussex
35.	Ealing North	82.	Milton Keynes North
36.	Ealing, Southall	83.	Milton Keynes South
37.	East Ham	84.	Mitcham & Morden
38.	East Surrey	85.	Mole Valley
39.	Edmonton	86.	North East Bedfordshire
40.	Eltham	87.	North East Hampshire
41.	Enfield North	88.	North East Hertfordshire
42.	Enfield, Southgate	89.	Old Bexley & Sidcup
43.	Epping Forest	90.	Orpington
44.	Epsom & Ewell	91.	Poplar & Limehouse
45.	Erith & Thamesmead	92.	Putney
46.	Esher & Walton	93.	Reading East
47.	Feltham & Heston		

- |      |                                |      |                          |
|------|--------------------------------|------|--------------------------|
| 94.  | Reading West                   | 112. | Sutton & Cheam           |
| 95.  | Reigate                        | 113. | Thurrock                 |
| 96.  | Richmond Park                  | 114. | Tonbridge & Malling      |
| 97.  | Rochester & Strood             | 115. | Tooting                  |
| 98.  | Romford                        | 116. | Tottenham                |
| 99.  | Ruislip, Northwood & Pinner    | 117. | Twickenham               |
| 100. | Runnymede & Weybridge          | 118. | Uxbridge & South Ruislip |
| 101. | Sevenoaks                      | 119. | Vauxhall                 |
| 102. | Slough                         | 120. | Walthamstow              |
| 103. | South Basildon & East Thurrock | 121. | Watford                  |
| 104. | South West Bedfordshire        | 122. | Welwyn Hatfield          |
| 105. | South West Hertfordshire       | 123. | West Ham                 |
| 106. | South West Surrey              | 124. | Westminster North        |
| 107. | Spelthorne                     | 125. | Wimbledon                |
| 108. | St Albans                      | 126. | Windsor                  |
| 109. | Stevenage                      | 127. | Woking                   |
| 110. | Streatham                      | 128. | Wycombe                  |
| 111. | Surrey Heath                   |      |                          |

## **Annex**

### **Report on the consultation: *MPs' expenses: a consultation***

#### **CONTENTS**

##### **Background**

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- 6. Staff for MPs**
- 7. Working from a constituency**
- 8. Running offices**
- 9. Payments on leaving Parliament**
- 10. Additional resources and diversity of representation**



## Background

This document is the post-consultation report for the IPSA consultation paper, *MPs' Expenses: a consultation*, which was published on 7 January 2010, and formed the basis of IPSA's statutory consultation as set out in the Parliamentary Standards Act 2009.

It covers:

- the background to the report;
- a summary of the responses to each chapter of the report; and
- a detailed response to the specific questions raised in the report.

The consultation paper, invited comments on a number of proposals for a new expenses scheme for MPs. It asked 19 questions on 10 different areas where different type of expenses are incurred or the process by which expenses are administered.

A five week consultation period followed publication of the paper. The Parliamentary Standards Act 2009 states that when preparing or revising the scheme, IPSA is required to consult the following:

- the Speaker of the House of Commons;
- the Committee on Standards in Public Life;
- the Leader of the House of Commons;
- any committee of the House of Commons nominated by the Speaker;
- members of the House of Commons;
- the Review Body on Senior Salaries;
- Her Majesty's Revenue and Customs;
- the Treasury; and
- any other person the IPSA considers appropriate.

From the beginning we have been clear that we would consult far more widely than this list and would ensure the public and other interested parties were given the opportunity to have their say. For this reason, responses to the consultation were sought by various means.

Respondents could provide feedback in the following ways:

- to the survey on the consultation website ([www.mpexpensesconsultation.org.uk](http://www.mpexpensesconsultation.org.uk));
- in writing via post or by email;
- by contributing at IPSA events – for public, MP, MPs’ staff, MPs’ family;
- through one-to-one meetings with board members; and
- through omnibus telephone polling.

The consultation closed on 11 February 2010. We received over 2,700 responses to the consultation.

This report summarises the responses to the proposals within the consultation paper and the discussions at the various consultation events.

A number of documents that contributed to the summary of responses in this paper are available to view on the IPSA website at [www.parliamentarystandards.org.uk](http://www.parliamentarystandards.org.uk). These include:

- an analysis of the responses to the online survey;
- an analysis of the responses to the omnibus telephone polling;
- copies of all written responses received;
- comments received through the consultation website;
- minutes of discussions at consultation events; and
- a list of individuals and organisations who responded to the consultation can also be found on our website.

# 1. Principles of the new expenses scheme

## Consultation proposal

1. We proposed that the principles set out by the Committee on Standards in Public Life should form the basis of the new system for administering expenses. We proposed the addition of two further principles which we consider to be implicit in the CSPL's approach, but merited explicit expression:

- The system should prohibit MPs from entering into arrangements which might appear to create a conflict of interests in the use of public resources.
- The system must give the public confidence that high standards of honesty and decency will be upheld.

***Q1. Do you agree that the CSPL's principles, supplemented as proposed, should form the basis of the new expenses system?***

## Summary of responses

2. Many respondents appeared to agree strongly with the proposal. Many comments focused on the need to develop an accountable, transparent system to provide assurance to the public and to Members of Parliament. There was a frequently expressed view that clear sanctions needed to be established for those MPs found abusing the remuneration system but that IPSA must avoid a regime that seeks to punish all MPs for the wrong-doing of some.

3. Respondents agreeing to this proposal argued that an expenses system will be based on public money for public roles and therefore must be entirely clear and justifiable. There appeared to be strong support for the tenor of principle 12:

*“the thoughts and reactions of the general public should always be borne in mind when deciding how to implement the system”* (Standards for England)

4. Some respondents who supported the principles suggested that IPSA should go further and establish a system based on principles which will attract MPs from diverse backgrounds. It must not favour those who are affluent or deter representation from all sections of society:

*"IPSA must also establish a system which will attract MPs from a diverse background and not just those.....with a private income or supported by trade unions. That would be a damaging and retrograde step."* (Anonymous)

5. A number of responses from MPs included the proposal for the incorporation of an additional principle which should encompass the definition and role of an MP. The Constitution Unit agreed with the suggestion to incorporate the definition and role of an MP and argued that the nature of the job needs to be taken into account to ensure that Parliament works effectively for the good of the public and democracy.

6. The TaxPayers' Alliance thought that the proposal 'prohibiting MPs from entering into arrangements which might appear to create a conflict of interests in the use of public funds' might impact on MPs who have outside interests:

*"While we fully support IPSA's efforts to limit the possibility of MPs inappropriately channelling public funds, we are concerned that the principle may be interpreted to restrict MPs' outside interests."*

7. The Members' Allowances Committee (MAC) endorsed the ideas underlying the principles but questioned the wording of some and argued that this may prevent their application from being consistent and fair. They observed that the principles will sometimes conflict, and it needs then to be clear why one principle is being given priority over another and that there is consistency in doing so. The MAC suggested that IPSA revise the principles so as to express the underlying ideas in a way which can be applied more consistently.

### **IPSA's position**

8. Given the wide degree of support for the principles set out by the CSPL, we have proceeded on the basis we set out in January, and designed the scheme on the basis of those principles. As proposed, we have supplemented these with the two further principles set out

9. The principles underlying our new scheme of expenses are set out at Schedule **1** to the scheme.

## 2. Expenses versus allowances

### Consultation proposal

10. We set out in our consultation paper our belief as a matter of principle that it is preferable that MPs should receive expenses for costs actually and reasonably incurred, rather than a flat rate allowance, unless the cost of administering such a system is shown to be disproportionate to the benefits, or the use of expenses imposes an unreasonable burden on MPs to fund costs before claiming them back.

11. We proposed to apply annual limits to the amount that can be spent from public funds on each of the five main elements of our scheme, except for travel and subsistence. We asked two questions in this area.

***Q2. Do you agree with our proposal to concentrate on expenses rather than allowances wherever possible?***

### Summary of responses

12. Many respondents appeared to agree with the proposal to focus on expenses rather than allowances. There were some arguments however over the individual circumstances when allowances might be more appropriate than meeting claims for expenses.

13. Respondents who favoured an expense based approach argued that a system of allowances tended to be regarded as a “top up” to an MP’s salary and therefore tended to be more vulnerable to abuse:

*"The system of allowances was deeply flawed having been introduced to compensate Members of Parliament following several Governments’ failure to maintain salary links with the appropriate civil service grades."* (Anonymous).

14. A small number of MPs who addressed this question believed there should be no expenses scheme at all, but rather that MPs’ salaries should be increased and all expenses should be met through salaries. A small number of public responses also suggested that

expenses should become part of the annual salary. However, the MAC supported our proposal , although they commented that IPSA needed to make sure the scheme was not “onerous.”

15. Unlock Democracy supported our proposal:

*“Yes. We believe that this is essential to changing the culture of the expenses system. Allowances encourage the perception that the maximum amount should be claimed or that the allowances are somehow a form of salary.”*

16. Some comments were made which argued that in some cases allowances would be more practical and that each element of a new expenses scheme needed to be individually considered on its own merits:

*“In any element of the scheme where it is reasonable to assume that the level of costs will not vary considerably from one MP to another, a flat rate allowance should be given serious consideration.”* (Anonymous).

### **IPSA’s position**

17. There appears to be general consensus that MPs should normally receive expenses for costs actually and reasonably incurred. We continue to believe that this is the right approach and have seen little, if any, evidence to the contrary. This is therefore the basis of our scheme, with very sparse use of flat-rate allowances.

**Q3. Do you agree that there should be annual limits to the amount that can be spent from public funds on each of the main elements of our expenses scheme, except for travel and subsistence?**

Summary of responses

18. Many respondents appeared to agree that annual limits were required in an expenses scheme. One member of the public stated:

*"There should be a limit upon expenses claimed, to encourage them to live economically like the bulk of their constituents".*

19. A number of public respondents raised the concern that setting a maximum ceiling could be seen as a target for which to aim.

20. The Social Democratic and Labour Party (SDLP) agreed that upper limits are essential but that IPSA should make provision for exceptional circumstances:

*"However, we do accept that there may be exceptional circumstances depending on individual needs, such as excess costs due to disability and/or security, for which different limits could be set in line with protocols established by the relevant authorities."*

21. Unlock Democracy argued the importance of making a clear distinction between various kinds of expenditure, especially staffing costs and other expenses:

*"In most organisations there would be a budget line for staffing that would have to be kept to, but branches or departments would not be expected to reclaim staffing costs as an expense.... Limits need to be reviewed on a regular basis."*



22. In supporting the proposal the Senior Salaries Review Body (SSRB) added that it might be better to “limit office space by area rather than cost”. The MAC suggested that the basis on which we had excluded setting a limit for travel expenditure by MPs – namely, that travel costs will vary too widely between MPs for any simple limit to be devised – applied equally to travel by MPs’ staff, so this too should not be limited by total annual expenditure.

### **IPSA’s position**

23. We accept the arguments put forward by the SDLP and the MAC about specific circumstances in which a standard annual financial limit on expenditure should not apply. Travel by MPs’ staff members will instead be limited by the number and type of journeys that can be undertaken, as is set out at paragraphs 7.17 to 7.19 of the scheme. We will have different approaches to each of the specific circumstances mentioned by the SDLP.

24. Subject to these provisos, however, we have designed the scheme on the basis of annual limits for expenditure on accommodation, staffing expenditure, constituency office rental expenditure and general administrative expenses.

### 3. Administering the expenses – a new approach

#### Consultation proposal

25. Our proposed overall approach to the administration of expenses comprised five main elements:

- MPs personally certify that the claim they are making is legitimate, providing evidence that the claim is allowable within the rules that we have set out;
- validity of claims is assessed and determined by IPSA on the basis of that evidence, with scope for review of that decision in certain circumstances;
- the claim and its outcome are published allowing for public scrutiny;
- IPSA's staff carry out more detailed checks on a sample of claims, proportionate to the level of compliance risk identified; and
- IPSA is externally audited by the National Audit Office.

26. We also set our intention to automate processes and to ensure that claims are made electronically and submitted directly by the relevant MP.

27. We asked a number of questions in this area.

<b><i>Q4. Do you agree with our approach to the submission of claims?</i></b>
---

28. Many respondents agreed with our proposals for the submission of claims, understanding them to be necessary in ensuring a fair and accountable system. Many public responses focused on the element of MPs bearing responsibility for making their own claims. A number of public responses commented that all claims should be supported by receipts, in line with individuals' own varied experiences in different spheres.

29. MPs who responded also appeared to agree with IPSA's approach to the submission of claims. Many believed that electronic accounts would streamline the system, although a number of MP respondents raised concerns that the system needed to be secure and that proper training needed to be provided. Other MPs suggested that equipment and MPs' IT knowledge is currently not at a sufficient level to meet the requirements of such a system. A number of MPs' staff respondents echoed this position.

30. One member of the public commented that there was a danger of creating unnecessary bureaucracy regarding the provision of monthly statements to MPs on their expenditure:

*"I am perplexed by the proposal to provide each Member with a monthly statement summarising the claims they have made - para 5.9 - when para 5.3 requires each Member to personally certify each claim after it is submitted."* (D.G. Wilkinson)

31. Of those MP respondents who disagreed with the approach, many held concerns that it would be too time-consuming to administer payment for every individual invoice. They were also concerned with the suggestion that MPs should pay everything personally and then reclaim from IPSA, suggesting that there was a risk that loan money could become mixed up with MPs own personal finances.

32. The SDLP emphasised that MPs needed to bear responsibility for their own expenses, but suggested that consideration be made to the availability of some kind of petty cash facility.

33. The MAC did not agree with the proposal and argued the scheme would be too bureaucratic. The Committee raised a number of concerns especially in regard to the requirement to pay all expenses (except staff) either directly themselves or through a loan system. The MAC also argued that providing a hard copy of supporting evidence would be too time consuming:

*"It would be a complex, expensive and cumbersome system to operate, both for IPSA itself and for MPs ... there would be potential for confusion in MPs' finances; interest-free loans would be hard to justify to the public, and MPs would be criticised for them; [and] MPs would still experience cash flow problems, especially when large bills arrived for payment ... paying large bills from their own pockets before being able to reclaim the sums is not something which other citizens are usually required to do"*

### **IPSA's position**

34. Although responses from MPs indicated nervousness about a new administrative system, we remain confident that our approach will be straightforward to administer. Above all,

though, we are focused on giving the public the necessary assurance that payments are made only for necessary business expenses.

<p><b><i>Q5. Are you content with our proposed approach to the publication of claims?</i></b></p>
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Summary of responses

35. There was strong support from respondents for our approach to publication of claims, with the inclusion of a lot of definite language such as “must” and “essential”.

36. MP respondents broadly agreed with IPSA’s approach to publishing information. However, many argued that only approved claims should be published, arguing that the public interest lies in actual paid expenses. They did not think advice and errors should be published:

*"I don't think it is necessary to publish unapproved claims. The public need to know what is actually claimed. I don't see the case for publishing claims made in error. They will not be paid."* (James Plaskitt MP).

37. The MAC reflected this view when they argued that there should be a distinction “between advice sought and claims made”, and that MPs should be able to receive confidential advice before deciding whether to claim or not. The MAC also argued that there may be a risk of damaging an MP’s reputation if they are required to submit claims that they may be uncertain about, but will eventually be published.

38. Unlock Democracy took the opposite view, commenting that it was necessary to publish unsuccessful claims to change the culture:

*"If public faith in the expenses system is to be restored it is essential that there is seen to be a culture change. We believe that publishing all expenses claims, once the personal data has been removed, is essential to demonstrating this change."*

39. A number of MP respondents argued that special consideration must be given to declarations to ensure that media and political opponents do not seek to undermine an MP.

40. Other MP respondents raised the issue of privacy in relation to constituent information:

*"Everything should be published except information that could prejudice the privacy of a constituent or indeed a member of the MP's family." (Andrew Miller MP).*

41. The Hansard Society agreed with IPSA's approach but requested clarification on the safeguards related to redaction to provide reassurance to parliamentarians, staff and the public:

*"...some clarity as to what kind of information will be redacted by IPSA prior to publication (e.g. personally confidential information such as bank account and national insurance numbers) should be provided publicly from the outset for the reassurance of parliamentarians, staff and public alike."*

42. The Hansard Society also called for publication to make clear the difference between funds for staffing and funds for other expenses, and suggested that these should be published at different times.

43. The SSRB emphasised that there should be a balance between openness and subjecting MPs to a "level of scrutiny that was felt to be invasive or intrusive, beyond that to which other recipients of public funds are subject".

44. The SDLP agreed with our proposals, and suggested that "published details should indicate the overall amount, the proportion returned to the claimant and the proportions going on taxation and other charges".

### **IPSA's position**

45. A great many thought-provoking responses were received to this question, which clearly exercised a large number of people. For our part, we remain of the view that transparency is the greatest safeguard against abuse, and we agree with Unlock Democracy that it is essential that there is seen to be a culture change. There is no clearer indication of that change than the

regular and detailed publication of claims; and we remain committed to the principle that all claims should be published, whether or not they are allowed.

46. The expenses scheme itself does not set out what information we will publish. We are required under the Parliamentary Standards Act to consult separately on a publication scheme, with the Leader of the House of Commons, the Speaker, and the Committee on Standards and Privileges. We intend when we do that to set out a clear statement of what we intend to publish regarding claims, and what information needs to remain private – with the presumption being that all other information will be readily accessible to all on our website, [www.parliamentarystandards.org.uk](http://www.parliamentarystandards.org.uk).

***Q6. Do you support the idea of requiring MPs to produce an annual report of their use of public funds?***

*Summary of responses*

47. There was a mixed response to this suggestion.

48. A number of public respondents questioned whether an annual report was needed and commented that it may be bureaucratic and may not add value. These respondents believed an annual report would be a “waste of taxpayer’s money”:

*“A step too far. At most what would be required would be an annual breakdown of the amounts incurred by the five main categories of expenses you have identified, together with the limits applicable and this could go on the MP’s website.” (Iain Taylor)*

49. MP respondents who disagreed with the production of annual reports claimed it was an unnecessary duplication of information that was overly bureaucratic and costly:

*“This proposal is surely more about the presence of an annual report than the content, since practically all the content of current expense claims is already published. Is another bureaucratic burden going to be created, duplicating information already in the public domain?” (Colin Challen MP)*

50. The Hansard Society thought it was unnecessary and argued that it was enough for an MP to state what each claim is for and certify with their personal signature that all claims are in line with the system.

51. The Sunlight Centre agreed that an annual report was unnecessary:

*“This seems unnecessary if claims are published regularly as they occur in a transparent way and in a format that enables easily manipulation of the data.”*

52. Unlock Democracy thought that a report would be used as a campaigning tool instead of a form of accounting information and that it would be better to have the information published online in a formation available to IPSA:

*“[It will] inevitably become a campaigning tool and open to the same kind of abuse as the widely criticised communications allowance.”*

53. The Committee on Standards in Public Life (CSPL) believed it was important for MPs to be required to certify at the end of the financial year that all claims made within that period comply with the principles and rules of the new scheme. The Committee did consider the option of requiring MPs to produce an annual report of their use of public funds. They told us they had concluded that this would be unnecessary since the information is routinely available online.

54. A number of responses did support the proposal to publish an annual report of an MP's expenses. One response suggested that the publication of such a report should be made by IPSA after reconciliation of the amounts claimed and paid for each Member. This should include an appropriate note where a Member's challenge to the IPSA figures is unresolved.

55. A public respondent suggested that a report consisting of a “few pages of standard accountancy” should be generated from the electronic submission and show a comparison of expenses over the last two years. The suggestion extended to allowing MPs the opportunity to add text to explain variations in their expenses.

56. MP respondents who agreed with the production of annual reports argued that it was a good accountability tool and a useful campaigning document:

*"It is only fair to allow MPs the right to publish an annual Parliamentary Report distributed to all constituents. This right has always existed and could be funded in future not from an MP's individual budget, but directly by Parliament itself on a strictly annual basis. This would give Parliament control over what is printed and the cost of the publication. The principle of an Annual Report is important because constituents increasingly feel the need to know the detail of how an MP is working on their behalf."* (Karen Buck MP)

57. The SDLP suggested that if a separate annual report is published, it needs to be in a standard format and not costly to the MP.

### **IPSA's position**

58. We are not pursuing the option of requiring MPs to publish an annual report on their use of public funds. In coming to this decision we recognised the force of the argument that much of the material within such a report would have been in the public domain for quite some time, thus potentially reducing its interest to constituents.

59. We do, however, continue to believe that MPs should be able to communicate the reasons for their use of expenses to their constituents directly and in a straightforward manner. We are therefore exploring the possibility of providing MPs with a simple pro forma in which they can make a statement about their use of public funds.



## 4. Working from two locations - accommodation for MPs

### Consultation proposal

60. Our proposal on accommodation expenditure was based on the following elements:

- It must be for non-London MPs to determine where their home is. Given that most of them will need accommodation at a second location to do their jobs, the cost of such accommodation should be met from public funds. This does not necessarily mean a “second home”: the accommodation at that second location may be long or short term, whichever gives the best value to the taxpayer.
- At the beginning of the next Parliament, we intend to allow new MPs to claim (up to a limit) for reimbursement of the costs of renting accommodation on the open market, or of hotel stays. Loans would be available to meet the cost of initial deposits.
- We will not be providing any subsidy for mortgage interest except on a transitional basis, we will not be allowing MPs to have a “second home” at taxpayers’ expense, and we will therefore not be giving them the opportunity to use public money to help increase the value of their homes.

61. We asked a number of questions in this area.

<p><b><i>Q7. We propose that MPs are eligible to claim for accommodation expenses unless their constituencies contain a station within London transport zones 1-6. Do you agree with this approach?</i></b></p>
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### Summary of responses

62. Varied responses were received in relation to this approach.

63. A large number of public respondents did not favour this approach on the grounds that the proposal was too generous to MPs:

*"Although I appreciate the difficulties... I suggest that most members of the public would consider that your suggested boundary is too tightly delineated. The boundary*

*should be based on current travel-to-work patterns and what many people commuting to London have to accept and undertake.” (Alexander Johnston)*

64. Public respondents offered differing opinions as to the exact journey time or distance from Westminster that should make an MP eligible to receive expenses, but argued consistently that MPs should be subject to the same reasonable commuting distance as ordinary citizens. In regards to distance, respondents suggested benchmarks that would trigger expenses eligibility. For example, an MP would not be eligible for accommodation expenses if they lived within a 50 mile radius of Westminster, or if they lived inside the M25. Such distances suggested ranged from 25 to 500 miles.

65. A number of public respondents commented that there might be a risk that MPs living just outside the zones would profit, especially if they could still easily travel to and from Westminster. Another respondent questioned how efficiently an MP could represent his constituents if his home was based in London and not in the constituency.

66. The CSPL echoed much of this public reaction, noting that the scheme risked being “more generous than that which Parliament has already determined for itself”.

67. Most MPs who commented on this proposal also disagreed with it, with many arguing that travel zones were not a reasonable approximation for journey time. A number raised the concern that some constituencies would be disadvantaged because they fell just inside the proposed boundaries:

*“the following additional constituencies: Reigate, Surrey East, Sevenoaks, Epping Forest, Hertsmere and Hertfordshire South West... Nevertheless if the Zone 1-6 rule is adopted, Speithorne and Esher & Walton, whose MPs will be disbarred from claiming accommodation expenses from April 2010, would fall outside the terms”*  
(Mark Field MP).

68. Dr Meg Russell’s submission for the Constitution Unit favoured the use of travel zones, and argued that MPs can not be equated to normal workers:

*“Not only do MPs often work long hours, and late into the evenings: many workers do that. But at least most workers have some choice as to where they locate their home.”*

69. The SSRB felt the suggestion of using travel zones was “not unreasonable” but argued that it could provide an entitlement to accommodation for some MPs living in places beyond TFL Zone 6 which are nevertheless within reasonable commuting distance, even taking account of late sittings:

*“Our preferred solution ... was to propose a system that retained a fairly high degree of flexibility, relying on public disclosure coupled with clear guidance informing signed declarations from Members, to enforce the system through transparency.”*

70. The Hansard Society also recognised the issue that some MPs who live close to zone 6 may be able to claim and argued it should be made clear to them that “the provision of such accommodation is not an automatic right”. The response suggested that by providing a new level of transparency in relation to the provision of accommodation (not previously available under the old system), it should act as a restraining measure on MPs who live close to the eligibility line.

71. The MAC agreed with the proposal, but only “if some provision is made for occasional use of hotels and taxis”. The Committee raised some concern that these changes will lead to some MPs changing the way they do their job. They suggested that if an MP is required to travel late at night and live in zone 6, they may have to make a choice between living in the constituency or in central London and that may be to the detriment of constituents.

72. Unlock Democracy stated that IPSA’s proposal was “simple and fair” but requested that IPSA also consider those constituencies which fall outside zones 1-6 but which are a reasonable commute from central London.

73. The TaxPayers’ Alliance argued that the focus needed to be on those MPs who are more than one hour outside of London. They also raised the issue of some MPs being too close to zone 6 to “legitimately claim” and suggested that if late travel is a concern, than the issue is not for IPSA to resolve but for Parliament to make changes to its hours:

*“This problem must be corrected through changes to the parliamentary time table, rather than through the expenses system. It is perfectly feasible to make the*

*Parliamentary day conform to more normal work times, and thus to enable easier commuting, particularly by reducing recess and holiday time.”*

## **IPSA’s position**

74. The overriding concern we heard throughout our consultation was that the use of travel zones, although simple to administer and to understand, did not treat MPs in the same manner as other citizens, and did not provide good value to the taxpayer. Many examples were given of MPs who would be eligible for accommodation expenses who could quite easily commute to Westminster from their constituency or vice versa.

75. A system of eligibility based on travelling time from Westminster by public transport inevitably begs questions such as how long a journey is reasonable, and whether to measure from an MP’s home or from some fixed point in their constituency. It also excludes from consideration journeys which are undertaken by private transport. Nonetheless, it is clear to us that no other measure is as fair as the time it takes to complete a journey. We have also seen that if MPs with potentially straightforward commuting journeys receive publicly funded accommodation, the ensuing scheme will not command public confidence.

76. We have therefore taken a different approach from that proposed in our consultation document. Under our expenses scheme, MPs will be ineligible for accommodation expenses if:

- any part of their constituency is within 20 miles of Westminster; or
- it is possible to commute from any part of their constituency to Westminster within 60 minutes in peak times.

77. Schedule 2 of the expenses scheme sets out the 128 constituencies whose MPs will not be eligible for accommodation expenses.

**Q8. Which of the following is most important in a long-term system for accommodating MPs:**

- ***MPs having responsibility for their own actions;***
- ***Cost to the taxpayer;***
- ***No money passing through MPs' hands;***
- ***Flexibility for MPs to identify properties that meet their particular needs?***

Summary of responses

78. Arguments were made in preference to each of the principles.

79. Many public respondents appeared to focus on the cost to the taxpayer and no money passing through MPs' hands as the most important principles. Many of these respondents made additional comments relating to the need to have an honest and transparent system.

80. Some public responses offered suggestions for housing MPs when in London with many ideas based on the government eventually owning a set of apartments. Many responses also indicated that the accommodation provided could already belong to the State, with the Olympic village, RAF Uxbridge, and military barracks all being mentioned.

81. Comparatively, there were very few responses from MPs on this question. Their main concern focused on IPSA's perceived failure to understand the nature of the role of an MP and to provide them with enough flexibility to carry out their parliamentary duties and maintain their personal and family life:

*"I am single and have chosen a small flat but conveniently close to the House of Commons. Other MPs will be married with young children and may choose to accommodate their families in London. Up to agreed financial limits, MPs should not be prevented from doing so." (Anonymous).*

82. Unlock Democracy stated that all of the principles were important to a new expense scheme but strongly felt money should not pass through MPs' hands, although it hoped in the future this would be less of an issue:

*“[At] the present time, in the aftermath of an expenses scandal that has severely damaged trust in politics and politicians, we believe that the most important principle is that no money is paid directly to the MP.”*

83. The Constitution Unit did not think it was a good idea for MPs to live together as this would only bolster “a herd mentality” and further distance MPs from their constituents.

### **IPSA’s position**

84. This question concerned the long-term arrangements for providing accommodation to MPs, which we indicated that we intend to return to in the next Parliament. It is clear from the responses to this question that various principles will need to be reconciled in doing so, and that this is a question which attracts strong responses. We will be informed by these findings when we return to the subject in the future.

<p><b><i>Q9. When should the payment of mortgage interest to existing MPs be ended?</i></b></p>
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### Summary of responses

85. In our consultation paper, we suggested a five year transitional period to allow those MPs currently locked into long-term property arrangements to give them time to find other ways of meeting the required repayments, or to sell their properties. This was in line with the proposal made by the CSPL, who told us in response that they remained satisfied that this approach “struck a reasonable balance between the need to bring an end to an arrangement that had fallen into disrepute and treating fairly those MPs with existing mortgages entered into in good faith”.

86. The SSRB suggested that a period of five years would be acceptable, but that if this was too long then IPSA should consider a “tapering” allowance or lower limit.

87. The MAC agreed that mortgage relief should not be allowed, subject to a five year transitional period for those locked into existing arrangements. Of those MPs who responded to this question, it appeared that most were also in favour of the five year transitional period.

88. However, most MPs used this question to raise the issue that mortgage repayments on a second home are actually more cost-effective than rent and hotels:

*"If mortgage payments are to be banned you must be careful not to drive up costs to the taxpayer where existing mortgage payments are much lower than equivalent rental payments would be."* (Peter Luff MP).

89. A few MPs took the opposite approach, and argued that the proposed transitional arrangements were too generous. These responses indicated that it would be reasonable to regularise mortgage arrangements by the end of 2011. They raised the issue that it would be inconsistent and undesirable to have a two tier arrangement dividing those MPs elected in 2010 and previously elected MPs for such a long period of time:

*"In view of the fact that the likelihood of a mortgage bar has already been mooted since mid 2009, I do not regard it as unreasonable the obligation upon those MPs with existing mortgages to regularise their arrangements by the end of 2011. It is surely undesirable for there to be a two tier arrangement dividing those MPs elected in 2010 and previous intakes for any longer than strictly necessary."* (Mark Field MP)

90. Many public responses appeared to feel that this provision should be stopped quickly, with a maximum time period of two years usually mooted. Some respondents recognised that many MPs would be in current contracts that should be honoured, but speed was continually urged:

*"As quickly as the present mortgage arrangement may be terminated, without unreasonable penalty costs being incurred".* (Anonymous).

*"Please give the taxpayer something to look forward to at the next General Election by reducing the length of time of 5 years to continue claiming the 2<sup>nd</sup> home allowance"* (Mr S Balmer)

91. The TaxPayers' Alliance shared Mark Field's concern about having an extended period with two tiers of MP. They noted that it can take a long time to sell property, but still considered five years to be excessive:

*"all sitting MPs must be instructed to instigate the sale of their taxpayer-funded homes now, with a view to terminating their mortgage contracts as soon as possible. As a guard against MPs dragging their feet, all payments should cease to be available from 1st November 2011."*

92. Unlock Democracy came to the same conclusions, for different reasons:

*"if you wait for 5 years the risk is it looks as if nothing has changed. Therefore we believe that mortgage interest payments should be stopped no later than 2 years into the new Parliament. This will give existing MPs enough time to make alternative arrangements and IPSA time to develop the new accommodation strategy."*

### **IPSA's position**

93. We have been persuaded by the arguments for a shorter transitional period. The principal reason for a five year period was the administrative convenience of coinciding with a further election, but the timing of such an election is in any event uncertain; clearly it should be possible for almost anyone to sell their homes more quickly than that.

94. Moreover, it is a reasonable expectation that MPs will not have tied themselves into long-term mortgage arrangements as they know that every few years they will face the electorate, and should not assume that they will be re-elected. MPs with tax-payer subsidised mortgages who lose their seats at the next election will have no choice but to find alternative means of funding their property or selling it with no period of transition.

95. We will, therefore, continue to provide funds for mortgage interest until 31 August 2012. That equates to a little more than two years after our scheme comes into force, which time will allow MPs to either sell their properties or to find alternative means of financing their purchase.



96. Our position on making recoveries from those Members of the value relating to the extent of taxpayer subsidy and/or certain increases in value of that property is set out at paragraphs 122 and 123.

***Q10. Do you agree with our proposed approach to accommodation expenses for MPs with caring responsibilities?***

Summary of responses

97. Many responses were equivocal about this proposal, and many noted that their position depended on IPSA's definition of caring responsibilities.

98. A large number of public respondents questioned whether the definition extended to an MP caring for their children or if it was limited to caring for a disabled dependent. These respondents argued that accommodation expenses should be in line with their experiences in the private sector, and consideration should only be made in certain circumstances:

*“While those MPs with disabilities (or with spouses with disabilities) should be entitled to accommodation appropriate to their needs, ‘caring responsibilities’ relating to children should not (in itself) warrant higher levels of accommodation allowance..... Arrangements for MPs must reflect what is standard practice in the private sector for employees ....Some consideration must be given to the issue of MP’s who are single parents, or individuals who are the sole carer for an elderly or infirm parent”* (Michael and Victoria Brereton)

99. Many responses were received from organisations and public bodies in relation to this question. A general theme encompassed the needs for flexibility in such situations, though this should be limited, and not extending to support the upkeep of two family homes for children.

100. The Sunlight Centre argued that the definition should encompass those MPs in difficult circumstances but that it should not extend to caring for children:

*“MPs in difficult circumstances (such as being responsible for the care of a close disabled relative) should have those needs provided for by the expenses system. Having children or a need for childcare alone should not be considered such a circumstance - most working people have to support this need out of their own pocket.”*

101. The SSRB commented that there is a need to ensure that an MP does not ask for family-sized accommodation, “regardless of actual need” and to ensure “that those living in such accommodation were genuinely dependants cared for by the MP and not, for example, grown-up, financially independent children.”

102. The TaxPayers’ Alliance supported flexibility if it helped “MPs who are single parents, or individuals who are the sole carer for an elderly or infirm parent”, but otherwise thought private sector practice should apply to MPs as well.

103. A number of MP respondents held similar concerns, and appeared to indicate a negative response to the proposal, arguing that it would undermine a fair expense system:

*The proposal ... is open to all kinds of abuse and threatens to undermine the whole reform of accommodation. Of course, very special cases of disability require special treatment but no general ‘caring’ category. (Tony Wright MP)*

104. The MAC requested that IPSA define ‘caring responsibilities’ widely to include family responsibilities and recognition of the demands on family life for MPs:

*“We certainly believe that maintaining family life is a caring responsibility and, for that reason, that it is imperative that any property should be able to accommodate the spouse or partner and children of the MP.”*

105. The Parliamentary Labour Party (PLP) Women’s Committee welcomed the proposal and argued the proposal should recognise the need to provide higher levels of accommodation to MPs with families:

*”higher levels of accommodation for MPs with families but not enough detail of how this will work has been provided for us to judge whether it will meet family needs.*

*Families bear additional costs of having children in two homes such as two cots, two buggies, two lots of sterilising equipment, two Moses baskets etc. and it is not clear that these additional expenses will be met.”*

## **IPSA’s position**

106. It is clear to us that we need to be precise about which MPs should be considered to have responsibility for caring for others. It remains important to us that nobody should be prevented from serving as an MP because they need to care for their dependents. This flows very clearly from the principle that our scheme should not unduly deter representation from all sections of society. Our challenge is to achieve this while being alive to the dangers mentioned above by the SSRB and others.

107. We set out at paragraph 5.18 of the expenses scheme precisely how we will determine eligibility for additional funding; but MPs will need to be able to demonstrate that they fall into one of the following three categories:

- they care for children aged under five;
- they are a single parent and care for a child who is in full time education and under the age of 21; or
- they care for an adult child or other family member who is in receipt of attendance allowance, a certain level of Disability Living Allowance, or other equivalent allowances that reflect a need for additional support from the State.

<p><b><i>Q11. Do you agree with our proposed list of running costs for accommodation which might be met through public funds?</i></b></p>
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108. We proposed that claims for following running costs should be eligible for reimbursement:

- Council Tax
- Water
- Electricity

- Gas or other fuel
- Ground rent
- Contents insurance
- Service charges
- Approved security measures

109. The following claims would therefore not be claimable:

- Cleaning
- Gardening
- Furniture purchases or maintenance

### Summary of responses

110. A number of arguments were made in relation to our proposed list of running costs for accommodation.

111. Many public respondents appeared to support the proposed list. There was, however, strong support for not paying utilities. Some argued that utilities costs are normally covered in the rental and service charges, which ordinary citizens have to pay. Many public respondents agreed with the exclusion of furniture costs, though a small amount of responses indicated that some flexibility for furniture costs was reasonable.

112. A large number of MP respondents argued that all running costs should be met by the taxpayer. A number of MP respondents held the view that maintenance and upkeep of accommodation away from home is too time-consuming and would detract from the performance of their parliamentary duties which should be their principle duty.

113. MP respondents also suggested that a one-off payment for furniture is acceptable. One MP made an alternative proposal that a flat payment for maintenance be paid yearly. The Women's PLP Committee suggested that IPSA should recognise, within the system, the sacrifices partners and spouses make to maintain a family life:

*“Furnished flats will need adapting to meet family needs and unfurnished flats will need furnishing”.*

114. The SSRB generally agreed with the proposed list but suggested that there may be a case for buildings insurance to be added to the list.

115. The Constitution Unit implied that the proposed list was too harsh and that MPs should be permitted to claim for cleaning on the “second home” only. This argument was made on the basis that most citizens would only need to pay for the cleaning of one house from their own salaries, whilst MPs need to maintain the two places in which they live.

### **IPSA’s position**

116. We have not made significant changes to the list of allowable running costs as a result of our consultation, although we have adopted the SSRB’s proposal that buildings insurance be covered for those who continue to own property during the transitional period. The full list of allowable running costs is at paragraph 5.3 of the expenses scheme.

### **Other issues raised**

#### Recovery of capital gains

117. On the question of whether capital gains should be recovered from those MPs who continue to receive payments for mortgage interest during a transitional period, we were entirely in accord with the principle that no gain should be made.

118. We received a large number of responses in relation to this issue. Many members of the public were clearly angered by any continuing scope for gain, arguably to a greater extent than by any other element of the old system. The following response was perhaps typical:

*“People up and down the country have been scandalised to learn that some MPs have put themselves, deliberately, in a position to gain financially from the use of public funds. Your suggestion seems to be washing your hands of this problem which will not support your stated ambition to clean up the present sleaze but undermine it.”* (Robin Hull)

119. Responding on behalf of the Government, the Leader of the House urged us to take steps to recover gains:

*"no transitional payments should be made unless the Member enters into a formal agreement with IPSA to repay any capital gain at the end of the transitional period"*

120. Speaking for the Liberal Democrat Party, Nick Clegg MP made the same plea:

*"As long as MPs are able to bank profits made from the sale of publicly subsidised second homes, the spectre of this dismal saga will haunt us"*

121. The CSPL continues to advocate this approach; and even the MAC, while setting out a series of practical difficulties, professed support for the principle of recovering capital gains:

*"We suspect that any attempt to claw back capital gains would be costly and arbitrary, but any scheme which was demonstrably fair both to the taxpayer and to the MPs concerned should be considered."*

### **IPSA's position**

122. We have sought advice. This advice indicates that we have the necessary powers. In the case of Members receiving payments for mortgage interest for a property when this scheme comes into force, IPSA may make conditions relating to the recovery from those Members of a proportion of the gain.

123. As we have the power to do so, there is a clear imperative upon us to consider this further and to act. We are clear that we are making a break from the past and that we will not seek to recoup retrospective gains. Accordingly, we have inserted provision into our scheme at Paragraph 5.24 that we will take steps to recover a proportion of the gain on the property attributable to taxpayer support (or, if this cannot be achieved, to recover the funds paid out for mortgage interest). The exact mechanism for doing so will be published in the guidance.

## 5. Travel and subsistence

### Consultation proposal

124. IPSA has based its proposal on travel expenditure and subsistence on the following elements:

- MPs should meet the cost of their daily commute to work whether it is to Westminster or their constituency. Public funds will be made available if the primary purpose of the journey is the fulfilment of parliamentary duties.
- MPs should normally be expected to claim for standard class for rail travel, and air travel within the UK would be limited to economy class only.
- Subsistence payments should be limited to occasions when MPs have travelled on parliamentary business away from either of their regular places of work. The exact amount paid out will be based on actual expenses incurred.

125. We asked a number of questions in this area.

***Q12. Which of the options that we set out do you favour in providing assurance about claims for travel expenses?***

126. Our consultation paper set out a number of ways in which we could ask MPs to document the justification for their claims. We set out three options for comment:

- **Option 1:** We could ask MPs to certify when claiming for travel expenses that the primary purpose of each item of expenditure was the fulfilment of parliamentary duties, and that it complied with the appropriate principles and rules. This certification would be published on our website along with the total amount claimed. MPs would be expected to maintain a record of journeys made which could be made available if we (or the National Audit Office) had any queries about particular expenses.
- **Option 2:** We could ask that all claims for expenses be accompanied by details of each individual journey. MPs would need to list the date of each journey, its start and end, the distance covered and the reason for it.

- **Option 3:** We could go further and ask for evidence that the MP made the journey for appropriate purposes – for example by requiring someone independent of the MP to verify this.

### Summary of responses

127. A number of public respondents appeared to support Option 1 and believed it to be a reasonable and fair way of claiming expenses.

128. Many MP respondents appeared to favour Option 1 as a more appropriate option for dealing with travel expenses. These respondents suggested that Option 1 allowed them to publicly certify their travel expenses and allow them to claim the primary purpose of each item of expenditure is in fulfilment of Parliamentary duties.

129. Angela Smith MP supported Option 1 and argued that documentation of mileage is simple to administer. She uses her own practice as an example:

*“I store on my computer a ‘ready reckoner’ of distances between the various communities which make up my constituency and at the end of every month I trawl through my diary, discounting home-to-work journeys, and I use the reckoner to calculate the mileage”*

130. MP respondents supported the viability of Option 1 by indicating that it would allow for each item of expenditure to be in line with appropriate rules and principles and those MPs would be held publicly accountable through the publication of claims on the IPSA website.

131. A number of MP respondents raised concerns in regard to the consequences of Options 2 and 3:

*“Option 2 would require the disclosure of public addresses which could breach the privacy of constituents in distressing circumstances.... (Option 3) would require a massive amount of input by yet another person and would be disproportionately costly”.* (Andrew Miller MP)



132. The SSRB favoured Option 2 because it was in line with the wider public and private sectors. It argued that the expense system has to be based on “an honest public declaration rather than insisting on independent verification every time.” The SSRB noted that Option 1 may give rise to ambiguity because the definition of ‘primary purpose’ of an MP’s journey is unclear and may be difficult to determine.

133. A small number of MPs supported Option 2 and were of the same opinion as the SSRB in that it was in line with general employment practices:

*“Option 2 seems to me to be the best compromise and most employers would expect a similar level of proof.”(Sandra Gidley MP)*

134. Unlock Democracy also supported Option 2 for providing assurance about claims for travel expenses. They argued that this option would provide:

*“the appropriate level of accountability for the spending of public funds. Also this option is the most similar to that operated in other sectors of the economy. While option 3 would provide an additional level of evidence we believe that this would become too bureaucratic and that it would not be enough of a deterrent to an individual who wanted to abuse the system that the additional workload is not warranted.”*

135. The MAC argued that Options 2 or 3 would be too onerous for MPs and did not sufficiently take into account the level of constituency travel. The Committee also argued that Options 2 and 3 have data protection implications and that the publication of private constituency information is at risk. It added that Option 3 does not treat MPs like other citizens and a system based on this option, including a need to get independent verification of journeys, would be overly bureaucratic.

### **IPSA’s position**

136. We are seeking to strike a balance between bureaucracy and accountability and are continuing to consider how we will administer the scheme in this regard. There was very limited support for Option 3 and we have now ruled that out, so the task before us is to determine an approach that gives members of the public necessary assurance about the proper

use of public funds without being unacceptably onerous. We will therefore adopt Option 2, but with some simplifications for multiple trips within short time periods and will set out our requirements in guidance, to be published ahead of the general election.

***Q13. Do you agree with our approach to travel by public transport, including ordinarily travelling standard class?***

*Summary of responses*

137. This proved to be a very emotive issue, with respondents making strong arguments both in support of and against our proposal to limit first class travel. Those respondents who supported the proposal argued that MPs should be treated in the same manner as ordinary citizens and that an MP who chooses to upgrade must meet their own additional costs.

*“All journeys should be standard class with anything over and above funded by the individual. I regard the Cabinet Office scheme as excessive and cannot see the justification for it. Duration of travel should not be the criteria.”* (Matthew Brearley)

138. A number of public respondents put the case that standard class travel would align them with the daily practices of ordinary citizens:

*“The first consideration should be value for money from the point of view of the public. It might be possible to negotiate a scheme for travel with rail franchisees through the House of Commons but Members should ordinarily travel by standard class and should not be cushioned from the realities to which other members of the public must submit.”* (Margaret Short)

139. Two MPs responded in the affirmative and supported IPSA’s proposal for standard class travel:

*“For someone like me who is on a train for three hours from Constituency to London standard class travel is not a problem.”* (Dai Davies MP)

*“It is difficult to justify what is now the exorbitant cost of first-class rail travel.”*  
(Tony Wright MP)

140. Of those respondents who disagreed with the proposal, it appeared that many held the view that first class train travel allows for a more conducive environment for an MP to complete their parliamentary work.

141. A small number of members of the public disagreed with the proposal and argued that an MP must be treated like a senior civil servant. They recognised that some MPs complete a great deal of work on their commute and suggested that this requires both space and privacy:

*“The approach taken is consistent with the view that MPs should be treated with “the majority” rather than as senior employees; given the role they occupy in the life of the nation, it would be more appropriate to treat them as senior employees”.*  
(Anonymous).

142. There was also a strong response from MPs on this issue. Many argued that first class travel is justified:

*“This enables us to work on the train, which is much more difficult in Standard Class, or even to rest, which is often needed after a long week in Parliament. Middle-ranking majors in the army and similar people in the civil service travel first class and it seems to me to be a reasonable expectation that after 13 years of doing so I should be allowed to continue.”* (James Gray MP).

143. The SSRB believed MPs should be permitted to travel first class and argued it “would not be out of line with common practice for senior individuals in the private and wider public sectors”. They claimed MPs require privacy to work and that costs should be minimised by booking advanced tickets where possible. They also noted that air flights should be economy only.

144. A few responses were received from MPs’ family members. These responses did not support the proposal of standard class travel and argued that an MP should be treated like a senior civil servant. It was also suggested that IPSA did not understand the nature of parliamentary work:

*"it is very difficult to predict when an MP may be able to leave London; votes are rarely predictable, business may collapse and other parliamentary vagaries. This makes buying advance tickets on designated trains impossible."* (Susan Jones)

145. The MAC did not support IPSA's proposal and argued that first class travel allows MPs to use their travelling time to complete work and therefore adds value to the taxpayer:

*"It would be far harder to use that time productively without the relative space and seclusion of first class, We conclude that first class rail travel can meet a business need, as CSPL accepted, and that where it enables MPs to use time productively it provides value for money for the taxpayer."*

146. The MAC also suggested that MPs should not be expected to book timed tickets in advance, as their working hours can change at short notice; and several MPs made the suggestion that in some cases first class travel can be cheaper than standard class.

#### **IPSA's position**

147. We are not convinced by the arguments for continued payments for first class travel. It is clearly perfectly possible, if less comfortable, to work in a standard class carriage, as many people do every day. Nor is there a clear-cut case that public servants of a certain grade travel first class; practice clearly varies within the public, private and voluntary sectors. Even, however, if it were demonstrable that the great majority of public servants of a certain grade were entitled to first class travel, we would not consider that to be relevant in assessing whether such travel is a legitimate business expense.

148. Ultimately, our concern is not the class of travel but value for money. There may indeed be occasions where first class travel is cheaper than standard class, though we suspect they are few. In such a case we can see no sensible reason to refuse first class travel. However, the limit on expenditure on any journey ought to be the cost of a standard open ticket, as we accept that it is regularly (although far from always) difficult for MPs to predict their time of travel. This is the provision we have made at Paragraph 7.7 of the scheme.

## **Other issues raised**

### Travel expenses for family members

149. A number of public respondents raised concern relating to the costs of travel by members of MPs' families. There was a strong response calling for the prohibition of any family travel expenses :

*"We see no reason why MP's families should be allowed free travel."* (Tom Kerrane and Malcolm Rees)

150. A number of MP respondents also chose to comment on this element, and most claimed that limiting family travel would diminish family life if children were unable to travel between the constituency and Westminster.

151. This position was not unanimous among MPs and some suggested it was reasonable to discontinue payment for family travel:

*"My family live in my Constituency and their travel payments should stop."*(Dai Davies)

152. Responses were also received from MPs' family members. One respondent suggested that family member travel should be allowed especially in circumstances where a partner is required to attend an official parliamentary event:

*"there are still a considerable number of events for backbenchers, or for opposition spokesmen and women, where the presence of a partner is usual. Are you suggesting that they should pay their own train fare to do so?"* (Anonymous)

## **IPSA's position**

153. Where an MP has caring responsibilities, we believe it is important for the family to be able to travel between the two locations or the MP will not be able to do the job and fulfil their responsibilities. However, we believe that the current provision for MPs' family

members to travel between London and constituencies is excessive and not what the electorate intends when it elects an MP. We have, therefore, curtailed travel expenses for family members significantly in our Scheme set out at paragraphs 7.20 to 7.23.

### Subsistence payments

154. There was a strong response from MPs who disagreed with the abolition of the subsistence allowance. MP respondents highlighted the long working hours of a parliamentarian, and compared them to the private sector where it was argued that subsistence is routinely paid.

155. MP respondents also indicated that their job required a large amount of hospitality and the subsistence payment of £25 helped towards these costs:

*“There can be few jobs which require the level of networking and hospitality as ours... need to be hospitable to constituents, those who are lobbying you and those you are lobbying, and MPs have always been out of pocket on this necessary element of our professional lives.”*(Tom Levitt MP)

156. A few responses were received from members of the public which supported the abolition of the payment. It was proposed that payments only be made when entertaining constituents or guests for official parliamentary business:

*“No food charges except for entertaining constituents and guests associated with parliamentary business”* (Beryl Fawcett).

### **IPSA’s position**

157. We remain of the view that the approach taken to subsistence expenditure in the past is unjustifiable. MPs have been paid £25, without provision of receipts, for every night spent away from their designated main home, regardless of whether they were working or were at their designated second home and free to cook for themselves.

158. We do believe there is a separate case to be made for subsidising evening meals when MPs are compelled to be in Parliament late into the evening, which we recognise is regularly

the case. Given the level of subsidy of eating establishments in Parliament, we believe a limit of £15 per night is sufficient. Claims will need to be backed by receipts and will be published. This amount will only be claimable when Parliament sits beyond 7.30pm.

159. On occasions when MPs have travelled on parliamentary business away from either of their regular places of work, MPs will be able to claim up to a limit of £25 per night, backed by receipts which will be published.

## 6. Staff for MPs

### Consultation proposal

160. In our consultation paper, we proposed that:

- funds for staffing should be reported separately from funds for expenses; and
- the use of public funds to employ family members should be prohibited, subject to transitional arrangements for those family members currently employed

***Q14. We propose to prohibit the use of public funds in the employment of family members by MPs. Do you agree with this approach?***

### Summary of responses

161. A number of responses supported the proposal to prohibit the use of public funds in the employment of family members by MPs.

162. The CSPL reiterated its view that that MPs should be prohibited from employing family members, and pointed out that two thirds of MPs can perform the job without employing family members:

*“The basic point is that employment of family members involves the use of public money in a manner which can clearly provide personal gain.”*

163. A number of respondents suggested that a ban should be introduced because of the risk of abuse. The TaxPayers’ Alliance supported a ban and believed clarification must be sought in relation to the definition of ‘family member’. Transparency UK also supported the ban on the basis of the risk of abuse and recommended that MPs’ staff become direct employees of the House of Commons:

*"All staff appointed by MPs should become direct employees of the House of Commons and should be recruited on the basis of merit and in accordance with standard employment rules that apply to all House of Commons staff."*



164. Public comments appeared to be generally against the continuation of this practice. Reasons range from the practice being “undesirable” to “inappropriate.” One member of the public commented that the practice supports elitism:

*"It gives privileged access to the milieu of power and influence from which others are excluded. Ultimately, it can be the basis for the creation of a self-perpetuating elite that shares little with those it governs."* (Roger Fokerd).

165. Participants at our public meetings, however, expressed few strong feelings against this practice. On the contrary, participants were often sympathetic to it on the grounds of value for money for the taxpayer and the importance of trust between MPs and their staff. They were clear, however, that such arrangements should be fully transparent.

166. The SSRB recognised the hard work that family members are said to show, but agreed with a ban, albeit “reluctantly”:

*"We recognise that many MPs have family members who provide them with excellent assistance, often bringing a high level of expertise and dedication to their work and providing the taxpayer with very good value for money. Nevertheless, any system that permits MPs to use taxpayers' money to employ members of their own families will almost certainly be open to abuse and public mistrust."*

167. The MAC questioned the need for a total ban, noting that the one recorded instance of abuse involved an MP's son and that there was no evidence of abuse related to the employment of spouses and partners. They therefore suggested that they would see the merit in a prohibition of employment of family members who were not spouses and partners. However, they were very clear about the merits of employing spouses and partners:

*"Many of them work similar long hours to the Member, serving and making themselves available to constituents way beyond what could be expected of any other employee. They will often share with their spouse mutual knowledge of the work undertaken by the Member, knowledge of the constituency, and the requirement to live in two places."*

*They are often very high calibre people who may have sacrificed promising careers elsewhere to help their spouse make a success of their parliamentary work, and in so doing accept salaries below their market value. So it would seem entirely perverse to rule out employment of some of the best employees who could possibly be found and who represent excellent value for taxpayers' money."*

168. MP respondents in general supported this position. The main arguments put forward were based on personal experience. The common view among almost all MPs who responded was that an MP as the employer should be allowed to choose their own staff; that members of staff who are related to the MP provide good value for money; and that if needed there could be further safeguards put into place that were less than a complete prohibition:

*"We are being asked to identify the longest serving, most loyal, most sympathetic, most flexible members of our staff, who are most likely to work extra hours for nothing and sack them" (Tom Levitt MP)*

*"MPs should have the right to decide who they employ and this should extend to family members. In the case where a family member is employed, MPs should agree to an external audit." (Derek Wyatt MP)*

*"Employment of family members is reasonable. Vacancies should be properly advertised and in line with salary guidelines. Documentation must be kept if a family member is employed by a MP." (Lynne Jones MP)*

169. Not all of those MPs who supported the practice did themselves employ a family member:

*"I have never employed a family member myself, but I would strongly defend the right of MPs to employ a partner ... The extensive pastoral work we do in our constituencies brings to mind the position of a vicar. They often come as a team, with the partner playing an equally significant role. We are not a precise parallel of course. But it still illustrates my point." (James Plaskitt MP)*

170. Responses were also received from members of MPs' staff, largely supporting the view that family members should be employed as they provided value for money:

*“Spouses provide value for money and work very hard”* (Anonymous)

*“There have been abuses of the system but it would be wrong to put a complete ban on this. Many relations of MPs, who work for them, do an excellent job and it would be unfair to terminate their contract.”* (Margaret Wells, assistant to Hugh Bayley MP).

171. We also heard from a number of MPs’ employed family members directly, all of whom argued the merits of existing practice. Most highlighted that there was only one documented instance of abuse, and argued that a prohibition on employment would be a gross over-reaction which would rob the taxpayer of an arrangement which offered great value for money:

*“It is extremely helpful to him [Stephen Hammond MP] to have me working for him between Westminster and home because it enables him to have out-of-hours back-up. The job of an MP is not just a job but is a lifestyle, often including the family. The hours are long and we both spend a good deal of time catching up at weekends.”*  
(Sally Hammond)

172. Christo Chope, the wife of Christopher Chope MP, told us that she was placed into her job through an open competition by a recruitment agency, and only subsequently married Mr Chope. She questioned why there would be a public interest in prohibiting employment in such circumstances. Sally Hammond similarly told us that she had worked for MPs for considerably longer than her husband had been an MP, and only started working for him in this Parliament.

173. A small number of public respondents also suggested that the practice should be allowed to continue, due to the unusual nature of an MP’s working life and a feeling that to ban it would be a disproportionate response to a small number of cases. One respondent suggested that it might be permissible for staff in the constituency to be family members but not in Westminster, and that staff in Westminster should be recruited as House of Commons employees.

174. The trade union, Unite, commented that family staff members were hard working and that a ban might also (depending on the precise wording) be discriminatory to those children who happen to grow up in political households from working with their parents in the future. Nor did they think there should be a five year transitional period for currently employed family members to find other work, suggesting that existing contracts should be maintained in perpetuity.

175. The UCL Constitution Unit and the Hansard Society both questioned the wisdom of a ban. The Constitution Unit commented that a ban would likely be “unworkable” and that, in any case, under the proposals a well qualified partner should be able to work for another MP. The Hansard Society felt the responsibility for determining their own staff needs should remain solely with the MP.

### **IPSA’s position**

176. We are persuaded that the case for prohibition has not been made. There appears to be a broad consensus that family members of MPs often work extremely hard, and in particular that they work at anti-social hours which an MP could not reasonably expect from other staff members; even those most opposed to the practice tended to concede that it could provide good value for money for the taxpayer.

177. Against that, we received no further evidence of abuse. A prohibition therefore cannot be justified by empirical evidence of abuse.

178. The case for a prohibition therefore rests on whether the perception of possible abuse is sufficient cause to introduce the prohibition. We have in mind here our principle that the system should prohibit MPs from entering into arrangements which might appear to create a conflict of interests in the use of public resources. That principle needs to be weighed against the principle that the scheme should provide value to the taxpayer, and that arrangements should be flexible enough to take account of the diverse working patterns and demands placed on individual MPs.

179. We believe that the correct balance is struck not by enforcing a prohibition, but by establishing clear safeguards against abuse that can command public confidence. We believe

continued employment of family members and connected parties can command that confidence, with the following safeguards in place:

- Provision of standard contracts and job descriptions to be used by all MPs when employing staff, published for all staff;
- Standard contracts to contain pay ranges, within which MPs could determine the salaries attending to each job description up to clear maximums;
- A prohibition on the payment of bonuses for staff from public funds;
- MPs to publish the precise salaries of all family members or other connected parties employed;
- All of this to be visible on a prominently displayed list of family members or connected parties employed; and
- A limit of one family member or connected party to be employed for each MP, to prevent an MP from using funds for staffing to increase their household income. This restriction shall not apply to any arrangements already in place. Staffing expenditure may be claimed in relation to such connected parties until the date when the party in question ceases to be employed or otherwise to provide staffing assistance.

180. Ultimately, we believe transparency is the crucial safeguard against abuses. Where family members are employed it will be clearly set out to all who they are, how much they are being paid, and what they are being employed to do. There will also be a clear mechanism for anyone to complain if they have any reason to doubt that a staff member is doing the job for which they were employed.

181. The definition of “connected party” is set out at Paragraph 4.15 of the scheme.

## **Other issues**

### Staff Pensions

182. We did not consult specifically on the issue of staff pensions. In our consultation, we proposed that IPSA would not administer such a pension scheme directly, and that all employer contributions to staff pensions should in future, be paid for from the staffing budget.

183. We received a very large number of responses, largely from MPs' staff, expressing concerns about this proposal. These responses were in large part based on a misunderstanding of our proposals. We acknowledge that we could have been clearer about the reasoning behind our proposals, and the intended effects, and wrote to all MPs' staff to clarify our proposals.

184. The concerns were centred on the view that the proposal would result in an effective cut in the level of funds available to MPs for staffing, and that our arrangements would mean that access to pensions for staff would be seen as optional. That was never our intention, and our scheme provides for the level of the staffing budget to reflect the additional pressure that these pensions contributions will cause.

185. In addition, the House of Commons has since confirmed that it will continue to administer the Portcullis Pension Plan on its current basis, including making it available to new members of Members' staff. We will ensure that employers' contributions are paid, for both new and existing members of staff, at the current rate of 10% of total salary. We will also ensure that new staff are automatically enrolled in the Portcullis Pension Plan unless they choose to opt out.

## 7. Working from a constituency

### Consultation proposal

186. We proposed the following in our consultation paper:

- Expenditure will be split into two separate budgets:
  - Constituency Office Rental Expenditure (CORE) and
  - general running costs (which in the scheme we refer to as General Administrative Expenditure).
- Continuation of MPs being allowed to rent from, and share equipment with, political parties. MPs will be required to submit an independent valuation to demonstrate that they are not paying more than the market rate.
- For MPs who own their own constituency offices, associated costs such as utilities will be able to be claimed. Costs which enhance the capital value of the property will be prohibited.
- Renting from, or purchasing goods and services from, family members is prohibited.
- MPs should not be allowed to claim for the costs of accountancy to help them fill out tax returns.
- There will be no separate communications allowance. We intend to allow expenses for funding the advertising of constituency meetings and surgery times, and for contact cards. MPs would be able to claim for these items as part of their expenses for running offices. All other currently available types of communications expenditure will be excluded.

***Q15. We propose that IPSA should prohibit MPs from renting from, or purchasing goods or services from, members of their families. Do you agree with this approach?***

### Summary of responses

187. Many public respondents agreed with the banning of purchasing of goods and services from family members, as did most MP respondents. However, a smaller number did not agree with the proposal, arguing that any ban would limit the principle of an open and competitive free market and could in many cases provide best value for money.

188. The SSRB, Unlock Democracy and TaxPayers' Alliance all answered yes to this question. Unite did not hold a strong opinion on this proposal.

### **IPSA's position**

189. The consensus in this area was greater than on any other question on which we consulted, and we have included provision at paragraph 4.14 of the scheme to ensure that MPs cannot rent property or purchase goods or services from family members. We have also extended this to cover other connected parties, so that for example an MP could not rent property from an organisation in which he or she was the main shareholder.



## 8. Running offices

### Consultation proposal

We proposed the following in our consultation paper:

- We will meet certain costs of running offices through the capped provision of expenses.
- There will be no separate Communications Allowance.

***Q16. Do you agree with our proposed approach to communications expenditure?***

### Summary of responses

190. Very many public respondents believed the Communications Allowance was a "waste" of taxpayer money:

*"Large amounts of money are claimed in expenses for 'newspapers and leaflets' which are in effect only self publicity for the individual MP and they invariably just end up in the rubbish bin rather than serve a useful purpose."* (Brian Allen)

191. A large proportion of public respondents also argued that the Communication Allowance allows incumbent MPs an advantage. This was echoed by a number of MPs, and by organisations such as the TaxPayers' Alliance and Unlock Democracy:

*"MPs allocating themselves public money to promote their activities in Parliament only adds to the 'power of incumbency'. Sitting MPs or incumbents have structural advantages over challengers during Elections ... Whilst we recognise that it is not possible to entirely remove the advantages of the incumbent nor do we think these should be reinforced by additional allowances, such as the Communications Allowance, that are only available to those already elected."* (Unlock Democracy)

192. Responses from MPs appeared to be split on this question. Those in favour of removing the communications allowance cited reasons of giving an incumbency advantage at

election time, and those not in favour cited the need to fully and regularly communicate with their constituents.

193. It was widely argued that there was no need for a separate Communications Allowance as the office allowance should be sufficient to cover regular contact with the constituency:

*"the office allowance should be sufficient to allow MPs to produce and deliver non-party political newsletters to constituents on at least four occasions a year, as well as other essential office running costs." (Anonymous)*

194. The SSRB supported our proposed approach, with one suggested modification. They noted that "it would seem reasonable to reimburse parliamentarians who wish to maintain a website, particularly as this might represent a way of maintaining an identity independent of the party to which an MP may belong". In public meetings we noted that MPs' websites were generally seen as useful, in contrast to unsolicited mailings and leaflets.

### **IPSA's position**

195. We are persuaded by the argument that funding should be available for the creation, maintenance and hosting of websites. These are generally inexpensive tools for communication, and have the clear advantage that they are available to those who are interested without being forced upon those who are not. Aside from this change, this area of the expenses scheme has been devised on the basis of proposals set out in our consultation paper.

### **Other issues raised**

#### Constituency office proposals

196. The area most often raised regarding our proposals on constituency offices was our suggestion that in the longer term we are giving thought to a system in which the largest local authority within each constituency would provide an MP's office and basic equipment, with a standard reimbursement from IPSA. This was widely welcomed by members of the public, and frequently questioned by MPs.

197. A number of reasons were put forward by MPs as to why this proposal might not be viable. The MAC raised five reasons:

- *“Not every constituency contains local authority offices;*
- *Local authority offices may not be in the place which the MP considers best for serving the constituency: deciding exactly where the MP’s constituency office should be is not part of IPSA’s remit;*
- *The local authority might be run by an opposing party, which would have no incentive to provide satisfactory accommodation or equipment;*
- *Many constituents visit their MP to complain about their local authority, and would presumably prefer to do so on neutral ground;*
- *The idea of a “standard reimbursement” is an odd one, and looks very much like an allowance, albeit to a local authority rather than an MP.”*

198. These points deserve consideration, except perhaps the last, where the MAC appears to have misunderstood that public concern is about allowances to MPs, not allowances *per se*. None of these concerns, however, are sufficient to persuade us that they may not be outweighed by the benefits, and we will continue to explore this or similar possibilities in the future.

## 9. Payments on leaving Parliament

### Consultation proposal

199. We used this consultation to gather various viewpoints on whether there should be any form of payment in the event of an MP leaving Parliament, either voluntarily or otherwise.

200. We have agreed with the House of Commons Commission that the House will administer its current rules on resettlement and winding-up allowances in respect of those MPs who retire or are defeated in the 2010 general election.

***Q17. Do you believe there should be any form of payment in the event of an MP leaving Parliament, either voluntarily or otherwise?***

### Summary of responses

201. Nowhere in our consultation was there a clearer division of opinion between MPs and the public they serve. A large number of respondents appeared to hold the strong view that no form of payment should be administered to an MP in the event of leaving Parliament, either voluntarily or otherwise. Many considered this simply to amount to a “golden handshake”.

202. Many public respondents argued that MPs understand the uncertainty of their appointments:

*“No payment should be made. Essentially MPs are employed and paid by the taxpayer. If they voluntarily choose to leave, it is of their own choice. If they lose their seat, they are in effect, sacked by their employer the taxpayer.”* (Edmund J Brennan)

203. A number of public respondents argued that MPs should have no difficulty in seeking reasonable employment after Parliament, and so a payment was unnecessary:

*"I do agree with the banning of resettlement payments upon leaving Parliament. The fact that they have served in Parliament usually gives them enough prestige to ensure reasonable employment after leaving."* (Mike Grizzard)

204. A few members of the public did support some payments, but these tended to greatly limit the circumstances to what they considered to be comparable to where a member of the public would receive a redundancy payment:

*"There may however be a case for redundancy payments if an MP loses his or her seat because of amalgamation of electoral divisions with a view to reducing the number of MPs ... there may also be a case for payments to MPs who lose their seats in a small number of the most marginal of constituencies. By their nature these are the most risky seats and they may have difficulty attracting good prospective parliamentary candidates".* (Alexander Johnston)

*"Statutory minimum redundancy pay; Severance payment of max 3 months' salary; Limited to six months salary; One year's salary tax free for each parliamentary term of service and delete MP pension scheme"* (Anonymous)

205. Very few MPs shared the prevailing public view. The SDLP were an exception, agreeing with our observation that there is not a "clear-cut case that taxpayers should bear the cost". This was also echoed by Tony Wright MP:

*"Unless there is a clearly understood public explanation for payments made to MPs who leave Parliament – and I do not think there is such an explanation – then they (payments) should be discontinued."*

206. Some MPs did agree with the CSPL's recommendation that a lower payment could be made when an MP voluntarily leaves Parliament, especially if they are of pensionable age.

207. Most argued the idea of a redundancy payment is in line with the principle of treating MPs in the same manner as other citizens. MPs also argued that a redundancy type payment was good employment practice, and that a total abolition could have adverse consequences:

*"The perverse outcome of total abolition of the grant is therefore likely to be either (a) the retention in the Commons of demotivated MPs or (b) because, when the right job comes up a retiring MP without private means will have to take it and not wait for the general election, resulting in an increase in the number of by elections. Both of these outcomes will have their own political consequences and the second - which could mean the steady erosion of a government's majority - would be particularly serious."* (Peter Luff MP).

*"I believe three months' salary should be paid in the event of any MP leaving parliament, whether voluntarily or otherwise. This reflects a standard severance arrangement for someone in a senior managerial role and also takes into account the fact that any departing MP will inevitably be faced with some continuing obligations that are not regarded as analogous with leaving 'normal' employment."* (Mark Field MP)

208. Additional comments were made in relation to the impact on diversity of representation in Parliament. One MP suggested that it particularly affected middle income earners who wished to serve as MPs:

*"It may deter able individuals from entering Parliament if they do not have an outside source of funding or support from unions."* (Anonymous)

209. The SSRB argued that payments should not be made in cases where an MP has been deselected, and made the following suggestion:

*"The problem of an MP standing in an unwinnable seat simply to gain the resettlement grant could perhaps be dealt with, if necessary, by requiring such MPs to obtain a specified share of the vote, say 10%, in order to receive the grant."*

210. Unlock Democracy noted that despite what many members of the public believed, "it is often difficult for former politicians, particularly those who have served on the backbenches, to find appropriate, alternative employment". They suggested that a bursary could be provided for former MPs to gain financial help if needed, on top of a basic redundancy package.

211. The MAC agreed with the CSPL's proposals that MPs should receive a payment if they lost their seats through an election, de-selection or boundary changes. They also suggested that there should be a link between length of service and payment received.

212. In our consultation paper we made reference to insurance policies that could be taken out against the risk of unexpected job losses in other professions. A number of MPs took issue with this on the basis that they did not believe such cover could be found for MPs.

### **IPSA's position**

213. The payments received by MPs on leaving Parliament are not reimbursements of expenses that have been incurred. Although we have the power to make such payments under the Parliamentary Standards Act 2009, we believe it inappropriate to use this power at this stage as we understand our task to be the reimbursement of necessary business expenses, and not the determination of the terms of an MP's employment. Redundancy payments in other professions are generally seen as part of a package of employment terms and conditions, not as expenses.

214. We have therefore made no provision for payments akin to the current resettlement grant under our expenses scheme. If we are charged with setting MPs' pay and pension arrangements, as is envisaged in the Constitutional Reform and Governance Bill, then we would consider that to be the appropriate time for us to consider this question further, as part of our wider consultation on the proper role of an MP and how it should be resourced and remunerated.

## 10. Additional resources & diversity of representation

215. We posed two further questions in our consultation paper.

***Q18. What impact do you believe our proposals might have on the diversity of representation in the House of Commons?***

### Summary of responses

216. A number of those who responded to this question expressed concern that only wealthy people might be able to stand for Parliament in the future, and that there is already a trend that Parliament is becoming less diverse. Another common response was the reverse of this view; that an expenses scheme should not have a significant effect on the diversity of representation in the House of Commons. One respondent suggested a new, fair expense system may actually attract “more honest people of integrity who are not political careerists”.

217. A number of MP respondents presented the clear theme that an expenses system should not discriminate against or limit any person wishing to enter Parliament. Many MPs raised concerns that it would not be possible for ordinary people with little or no private means to enter Parliament:

*“...this will make it still more difficult for professional men or women without significant private means to be able to afford to stand for Parliament ... people with experience of business and the professions must be a significant group in a truly representative and effective legislature ... your proposals breach one of your own fundamental principles, that they should not unduly deter representation from all sections of society.”* (Peter Luff MP)

218. There was concern that Parliament would become elitist:

*“There will be a steady return to days gone by when Parliament was governed by an elite and diversity will no longer be a common touchstone.”* (Sir Stuart Bell MP)



219. MPs also suggested there is a risk that the proposed expenses system would curb the extent to which MPs can genuinely serve and support their constituents given its inflexibility:

*"I am concerned that your proposals will deter people of modest means from standing as an MP. I also think there is a risk that it will curb the extent to which MPs can genuinely serve and support their constituents."* (James Plaskitt MP)

*"We think it is entirely wrong that the report should use the term "unduly deter" - it suggests that whatever scheme is put in place for expenses that it is acceptable to deter some people to some extent. It is not clear who those people are."* (PLP Women's Committee).

220. The MAC thinks there is a risk that proposals will be "profoundly harmful" to family life. They want IPSA to examine ideas coming out of the recent Speaker's Conference and ensure there are sufficient measures in the new expenses scheme to accommodate disabled MPs.

221. A number of respondents indicated that IPSA should not be concerned with promoting diversity:

*"Should you really hold such politicised, corporate opinions? Does doing so not cut directly across your primary responsibility for fairly discharging the regulatory functions you have been given?"* (Stuart Wheeler)

*"The entrenchment of diversity in the House is dependent upon some much overdue changes in the power and influence of the three main parties in the selection of candidates, the influence of the party whips under the direction of the party leaders within Parliament and the emergence of a political class over the past 30 years with little or no life experience outside the political culture of Westminster."* (Margaret Short)

222. The TaxPayers' Alliance took the view that it is not the job of the expenses system to make Parliament more diverse:

*"The implication that IPSA's proposals, or an expenses system as a whole, affects the diversity of representation in the House is a red herring that should be avoided at all times. As political parties are the gatekeepers to parliamentary seats, in many cases effectively deciding on behalf of constituents who will represent them in Parliament, any real concern about diversity in the House must be directed towards parties."*

223. The Hansard Society made similar arguments, but also made clear that "IPSA's approach should not become a barrier to the prospect of securing more diverse parliamentary representation in the future."

224. IPSA noted the recommendations made by the Speaker's Conference (on Parliamentary Representation), established by the House of Commons, which stated that there are many reasons why Parliament has been slow to reflect wider social changes:

*"Particular seats may only be contested seriously every ten or even twenty years. Individuals from under-represented groups who have tried to enter Parliament have experienced harassment, discrimination and barriers related to their situations"*  
(The Speaker's Conference (on Parliamentary Representation) Final Report)

225. The Speaker's Conference argued that a combination of initiatives is required if people from underrepresented groups are to get involved, to develop skills and to be supported on the path to becoming a MP:

*"Our inquiry has shown us that there are many practical steps... steps relate to the individual; many require the political parties to account for their actions locally, regionally and nationally and to make changes where these are needed. Parliament and Government must also contribute to the effort of producing an environment in which a more just, credible and effective representation of society can flourish."*

### **IPSA's position**

226. We have borne in mind at all stages of designing our scheme the principle of "not unduly deterring representation from all groups of society". We believe the Scheme we have set out achieves that objective. We will publish our Equality Impact Assessment alongside this report.

<p><b><i>Q19. Are there further areas we should consider which have not been referred to in this consultation?</i></b></p>
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*Summary of responses*

227. Respondents raised a number of issues not specifically addressed by the consultation questions. Most of these were beyond our remit, and included comments on MPs' salaries, working hours and pension arrangements. We also received a number of representations about whether MPs should be allowed to maintain outside employment, which is a matter for the House of Commons to decide; the views we received were in any case very divided on this question.

## Summary of online responses

**Question One: Do you agree that the CSPL's principles, supplemented as proposed, should form the basis of the expenses system?**

	All Responses	All Responses %
<b>No</b>	186	8
<b>Yes</b>	1829	81
<b>No Response</b>	244	11

**Question Two: Do you agree with our proposal to concentrate on expenses rather than allowances wherever possible?**

	All Responses	All Responses %
<b>No</b>	174	8
<b>Yes</b>	1753	78
<b>No Response</b>	332	15

**Question Three: Do you agree that there should be annual limits to the amount that can be spent from public funds on each of the main elements of our expenses scheme, except for travel and subsistence?**

	All Responses	All Responses %
<b>No</b>	261	12
<b>Yes</b>	1661	74
<b>No Response</b>	337	15

**Question Four: Do you agree with our approach to the submission of claims?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	170	8
<b>Yes</b>	1718	76
<b>No Response</b>	371	16

**Question Five: Are you content with our proposed approach to the publication of claims?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	142	6
<b>Yes</b>	1749	77
<b>No Response</b>	368	16

**Question Six: Do you support the idea of requiring MPs to produce an annual report of their use of public funds?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	583	26
<b>Yes</b>	1313	58
<b>No Response</b>	363	16

**Question Seven: We propose that MPs are eligible to claim for expenses unless their constituency contains a station within London transport zones 1-6. Do you agree with this approach?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	901	40
<b>Yes</b>	955	42
<b>No Response</b>	403	18

**Question Eight: Which of the following is most important in a long-term system for accommodating MPs:**

- **MPs having responsibility for their own actions**
- **Cost to the taxpayer**
- **No money passing through MPs' hands**
- **Flexibility for MPs to identify properties that meet their particular needs**

	<b>All Responses</b>	<b>All Responses %</b>
<b>MPs' responsibility</b>	315	14
<b>Cost to the taxpayer</b>	652	29
<b>No money passing through MPs' hands</b>	775	34
<b>Flexibility for MPs</b>	121	5
<b>Left Blank</b>	396	18

**Question Nine: When should the payment of mortgage interest to existing MPs be ended?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>In 2 years</b>	536	24
<b>In 3 years</b>	64	3
<b>At the end of the next Parliament</b>	470	21
<b>Other</b>	774	34
<b>Left Blank</b>	415	18

**Question Ten: Do you agree with our proposed approach to accommodation expenses for MPs with caring responsibilities?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	837	37
<b>Yes</b>	1012	45
<b>No Response</b>	410	18

**Question Eleven: Do you agree with our proposed list of running costs for accommodation which might be met through public funds?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	607	27
<b>Yes</b>	1239	55
<b>No Response</b>	413	18

**Question Twelve: Which of the options that we set out do you favour in providing assurance about claims for travel expenses?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>Option 1 - Certification</b>	366	16
<b>Option 2 - Detail</b>	1023	45
<b>Option 3 - Appropriateness</b>	409	18
<b>Left Blank</b>	461	20

**Question Thirteen: Do you agree with our approach to travel by public transport, including ordinarily travelling standard class?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	238	11
<b>Yes</b>	1605	71
<b>No Response</b>	416	18

**Question Fourteen: We propose to prohibit the use of public funds in the employment of family members by MPs. Do you agree with this approach?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	505	22
<b>Yes</b>	1341	59
<b>No Response</b>	413	18



**Question Fifteen: We propose that IPSA should prohibit MPs from renting from, or purchasing goods or services from, members of their families. Do you agree with this approach?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	147	7
<b>Yes</b>	1701	75
<b>No Response</b>	411	18

**Question Sixteen: Do you agree with our proposed approach to communications expenditure?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	182	8
<b>Yes</b>	1642	73
<b>No Response</b>	435	19

**Question Seventeen: Do you believe there should be any form of payment in the event of an MP leaving Parliament, either voluntarily or otherwise?**

	<b>All Responses</b>	<b>All Responses %</b>
<b>No</b>	1539	68
<b>Yes</b>	302	13
<b>No Response</b>	418	19

## **ABOUT US**



Professor Sir Ian Kennedy LLD is a lawyer who, for the past few decades, has lectured and written on the law and the ethics of healthcare. He is also Emeritus Professor of Health Law, Ethics and Policy at the School of Public Policy, University College of London and Visiting Professor at the London School of Economics. He has been involved in public life for 25 years, earning a reputation for safeguarding the interests of members of the public in healthcare. He was Chairman of the Healthcare Commission, the public watchdog in health services provision, from its creation until 2009. During his time at the Commission, Sir Ian worked to improve standards across the NHS through access to information and knowledge for patients, clinicians and managers. He is, perhaps, best known as the leader of the public enquiry into the deaths in children's heart surgery at the Bristol Royal Infirmary (1998–2001). This report contributed to the establishment of the Healthcare Commission in 2002. He also chaired the Nuffield Council on Bioethics and is currently Chair of the UK Research Integrity Office, whose remit covers the proper conduct of research in universities and other research organisations.



Sir Scott Baker was called to the Bar (Middle Temple) in 1961. He was appointed as a Recorder in 1976 and remained one until 1988 when he was appointed as a High Court Judge in the Family Division (1988-92), and then transferred to the Queen's Bench Division in 1992. In 1978 he was appointed as a Queen's Counsel. He became a Lord Justice of Appeal in 2002. He was a member of the Government Committee of Inquiry into Human Fertilisation (the Warnock Committee) 1982-84 and a member of the Parole Board 1999-2002. He sat as coroner for the inquests into the deaths of Diana, Princess of Wales and Dodi Fayed in 2007 and 2008. He was made an Honorary Fellow of Brasenose College, Oxford in 2003.



Jackie Ballard took up post as CEO of the RNID in 2007. Between 2002 and 2007 she was Director General of the RSPCA. She was the Liberal Democrat Member of Parliament for Taunton (1997-2001). In Parliament, she was spokesperson on Women's Issues and on Local Government from 1997 to 1999 and from 1999 to 2001 was Deputy Home Affairs Spokesman with responsibility for the voluntary sector.



Ken Olisa is a British businessman, whose career has focused on the technology sector. After 7 years at IBM (UK) he spent 12 years with Wang Laboratories where he ran worldwide marketing from the USA before returning to Brussels to head operations in Europe, Africa and the Middle East. In 1992 he founded technology merchant bank Interregnum which made its IPO on London's AIM exchange in 2000. Today he leads boutique tech merchant bank - Restoration Partners based in London. Ken serves on the boards of Thomson Reuters, Eurasian Natural Resources Corporation (ENRC) and is an advisor to Open Text, after previously serving on their board. He is Chairman of Thames Reach a charity focused on ending street

homelessness in London by 2012. He is a Warden of the Worshipful Company of Information Technologists, a Vice President of the British Computer Society and a member of the UK Government's Women's Enterprise Task Force. Ken was an inaugural member of the Postal Services Commission from 2000 to 2004 and a Governor of the Peabody Trust for a decade until 2007. He was named one of the UK's ten most influential black businessmen in the 2009 Power List.



Isobel Sharp is a partner at Deloitte LLP where she specialises in financial reporting, company law and corporate governance matters. She is a Visiting Professor at the University of Edinburgh Business School and was President of The Institute of Chartered Accountants of Scotland for 2007/8. Isobel has served on the UK's Accounting Standards Board and the Financial Reporting Review Panel. Isobel was awarded a CBE, in the Queen's New Year Honours List 2009, for services to the accountancy profession. She was a member of the Independent Review of Parliamentary Allowances group which reported in March 2008 on the Reimbursement of Expenses for Members of the Scottish Parliament.